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JAPANESE MONOGRAPHS

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WAR AND ARMAMENT TAXES OF JAPAN

BY

USHISABURO KOBAYASHI, D. C. L.

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NOTE BY THE DIRECTOR

The plans of the Division of Economics and History of the Carnegie Endowment for International Peace have been transformed by the World War. Problems now calling for study transcend in importance those with which this Division has been dealing and material for research and record so far transcends any that was formerly available that it will demand almost exclusive attention for some years to come. A new world has evolved suddenly out of the world which we knew and the transformation extends to the foundations of government and of economic life.

The process of warfare itself is now so unlike that of former days that many military rules of the past have gone into the scrap basket. The late war ended when its deadliest tools had barely been brought into action. The peoples have fought as they had worked, by machinery, mechanical and chemical engines of destruction have decided the result and will decide in like manner the result of all wars of the future. Machine shops and chemical laboratories will so largely determine what armies shall win that fighting strength will be as much a matter of available capital and of science in applying it as of numbers of troops and strategy in directing them. It is safe to say that the death dealing arts and instruments will far surpass in destructiveness those which made the late war so deadly, and to a soldier of the future the order to march into a cloud of poisonous gas and a whirlwind of missiles will resemble an order to plunge into the rapids of Niagara. This is one central and obvious fact which the war has taught us and it has many corollaries, some of which have to do with the increased costs of war and the importance of the particular resources that make a nation powerful for offense and defense; but there are less conspicuous economic facts which are more fundamental, since they may determine where and when, if at all, wars shall hereafter occur.

Causes of warfare are always partly economic and those which incited the recent one were mainly so. The business plans of a powerful state reached to the ends of the earth

and so crossed and interlaced the claims of other states that some writers, then and afterwards, pronounced the war inevitable. If we assume a settled purpose on the part of such a state to encroach on the rights of others, we may say that it doubtless was inevitable. The victory of the defending countries has saved them from an immediate and intolerable domination, but it can not be taken as an assured fact that similar attempts will never again be made. The economic inducement continues and the means may at some time be forthcoming.

Within the several states war has democratized industry, giving to labor an increase of control—a change that if continued will entail momentous consequences; but still greater effects have been produced on the relations of states to each other. The world as a whole has changed more than its component parts and the new relation of the parts to one another is the critical element in the situation. The great increase in the economic functions of governments is one cause of this condition. Within the great international community in which the several states are units extensive economic functions have gravitated into the hands of governments and caused them to face each other as business rivals and to deal with each other in a multitude of ways in which the merely self-seeking policy of private business is intolerable. Power to invoke principles of justice and international law as interpreted by a competent court has become an indispensable means of allaying strife and this fact exalts to supreme importance the high court of nations which has just been established. It magnifies also the importance of the economic facts and principles with which the law itself will have to deal. It is not merely individual men or private corporations who now meet each other in the rough and tumble of a world-wide mart but states themselves, each representing its own population and seeking to foster its interests as a zealous and faithful agent. The chances of friction that are inherent in ordinary commerce inhere today in vast international transactions and will increase in the measure in which the intercourse grows. All this means a

great increase in incentives to warfare, on the one hand, and in the motives for preventing it, on the other. Private commerce unites more than it separates those who participate in it, and it remains to be seen whether international commerce will act in the same way; but, in view of what modern war means, the human race will deserve to perish, and much of it will probably do so, if the forces of strife are allowed to get the upper hand. Whether they will or not—whether the recent economic changes will tend to reduce warfare or to increase it—depends on the ability of nations to create and maintain the instrumentalities that in the new state of the world are necessary.

Certain it is that the feeling which prevails today, the world over, is not one of security. The dread of further war is greater than it was before 1914. In some areas war still prevails, in others peace is held by a precarious tenure and in all it can be firmly established only by conscious and intelligent action by the states themselves. Mere exhaustion holds war dogs temporarily in leash, but it will take more than that to tame them as they must be tamed if peace is to endure.

We here confront a wide difference between the several states in comparative desire for peace and disposition to maintain it. One portentous fact is the grim determination of Russian communists to extend their system by crude force from state to state. Bolshevism is government by the few and largely the bad masquerading as government for and by the people. In its mother country, Russia, the economic measure by which it began its career was confiscation of private wealth—in itself an ultra-democratic measure. If this had brought in a true communism, it would have been a ruthless and unjust measure for creating a peace-loving state. A just and orderly democratizing of industry in the several states would give new strength to the forces of peace, and it would be highly improbable that any state so influenced would try to extend its system over foreign countries by military invasion. Democracy, socialism, communism and bolshevism all appear in the aftermath of the war. The first of

them makes for future peace and so does even the conservative element in the second, while all else in the series means certainty of civil strife and danger of international war.

The fact that during the war governments had to take on innumerable functions that were formerly in private hands has lent an impetus to socialism and to the perverted growths that have accompanied it, and it has created a new international system the meaning of which is profoundly significant, though he who runs can not so easily read it. There are dangerous features in the system which the war evoked and, happily for mankind, there are available safeguards which were evoked with them and need to be retained if human effort can do it.

By a compulsion that there was no resisting, the war forced the nations of the Entente into economic cooperation with each other. Commissions centering finally in the Supreme Economic Council adjusted in a harmonious way questions that would otherwise have led to rivalry and conflicting action in purchasing war materials, securing ships, apportioning food, controlling railroads, financing the war and doing a multitude of other things with the one common purpose of victory. The special compulsion of the struggle is over, but it has left an aftermath of issues grave enough to make peace insecure unless something equivalent to the Supreme Economic Council survives in full efficiency. The agency that did so much to win the war can do so much to prevent another one, but to that end it will have to be guided by economic principles and it is a saving fact that these still survive. The war has not abolished the law of demand and supply, though governments may forget it. In the coming era they must build better than they now know. Economic knowledge must either go in advance of action and prevent disaster or follow action and be learned from disaster. Beyond computation is the importance of attaining the knowledge and using it when evil impends and prevention is possible.

JOHN BATES CLARK,
Director.

NEW YORK,
September 27, 1920.

PREFACE

For the actual compilation of this treatise we are indebted to Mr. Tamizô Kushida, a well-known student of economic subjects. The task involved a vast amount of investigation, facilitated in the main by the works of reference cited in the accompanying bibliography, and frequently complemented by material specially prepared and made accessible by the Finance Department.

The principal theme of the present work relates to the history of the Japanese war taxes. However, the work contains also an exposition of statistical analyses and their economic effects. The importance of affording European and American readers a brief knowledge of the history of Japanese taxation in general led the author to a continuous description of the facts and statistics relating thereto during those eventful years between 1868 and 1913, thus making the connection as clear as possible' In dealing with these facts and figures the writer must have met with serious difficulty, the distinction between war taxes and non-war taxes being very frequently vague. Similar difficulty presented itself in distinguishing the facts which stand in close touch with war taxes from those independent thereof.

The writer's endeavors resulted in bringing to light the following facts: Japanese war imposts have shown heavy increases from one period to another, until at present their proceeds represent nearly 65 per cent of the total revenue from taxation; before the war with China direct taxes had prevailed, whereas since that war indirect taxation has much increased, and at the present moment we see that direct taxes constitute 34 per cent and indirect taxes the remaining 66 per cent; as regards the distribution of public burden and the ensuing diversity in the enjoyment of political rights, we notice that in the beginning such direct taxes as those on land were dominant, and naturally the superior strength of the landowners and peasantry had to be reckoned with, but when subsequently such direct levies as those on trade and industry (the business tax, etc.) were introduced, the capital-owning

classes, commercial and industrial, began to hold up their heads beside the peasantry, and thenceforth these opposing classes have contended for economic supremacy. Increased imposts thereafter consisted in greater part of indirect taxes, which are partial to the direct interests of neither of the contending rivals. As the Japanese laborers are not yet organized into a social or political class, their burdens have consequently increased in rapid succession. Lastly, the author depicts the noteworthy fact that, economically speaking, national production has not been affected by the war taxation to any extraordinary extent, though in point of distribution the livelihood of smaller wage earners, especially the peasantry and laborers, has been appreciably impaired, for they bear a far heavier burden than is suited to them.

The characteristic feature of the present work lies in the social-political point of view, to which the author devoted his best efforts in the consideration of the consequences of war taxation, as well as in the collection of minute and highly instructive statistics regarding the conditions of income and livelihood of each specific social class.

The author's patient scholarship and great diligence seem to me to be deserving of the highest praise.

USHISABURO KOBAYASHI.

TOKYO, JAPAN,
April, 1916.

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EXPLANATORY TABLES

Value of Japanese Currencies

Japan adopted the gold standard system in 1871, but the inconvertible paper money became principal currency a few years later. In 1886 the paper money became convertible into silver and after that date the Japanese currency system was the silver standard *de facto*, until on October 1, 1897, the gold standard system was legally adopted. The figures necessary to ascertain the value of Japanese currencies are given below:

(1) 1 gold *yen* (according to Coinage Law of 1871) contains 1.5 gramme pure gold.

(2) 1 gold *yen* (according to Coinage Law of 1897) contains 0.75 gramme pure gold.

(3) 1 silver *yen* contains 24.261 gramme pure silver.

(4) The value of 1 silver *yen* in the English currency (according to the demand rate of exchange on London in the average of the year) is as follows:

	s. d.		s. d.		s. d.
1874.....	4.02.0	1882.....	3.08.8	1890.....	3.04.5
1875.....	4.00.8	1883.....	3.07.9	1891.....	2.02.6
1876.....	3.11.2	1884.....	3.07.9	1892.....	2.10.5
1877.....	3.11.7	1885.....	3.06.0	1893.....	2.06.7
1878.....	3.09.4	1886.....	3.03.2	1894.....	2.01.2
1879.....	3.08.0	1887.....	3.02.0	1895.....	2.01.3
1880.....	3.08.9	1888.....	3.01.0	1896.....	2.02.0
1881.....	3.08.4	1889.....	3.01.1	1897.....	2.00.4

(5) The value of 1 *yen* of paper money in the English currency (calculated on the basis of the above mentioned exchange rate and the quotations of the silver price in the Tokyo Exchange in the average of the year) is as follows:

	s. d.		s. d.		s. d.
1877.....	3.10.1	1880.....	2.06.4	1883.....	2.10.7
1878.....	3.05.6	1881.....	2.02.1	1884.....	3.04.3
1879.....	3.00.3	1882.....	2.04.5	1885.....	3.03.7

(6) 1 *ryō* (unit of value of the old currency system) was declared in the Coinage Law of 1871 to be equal to 1 *yen*.

Chronological Table

Meiji 1st	1868 A. D.	Meiji 15th	1882 A. D.
" 2d	1869 "	" 16th	1883 "
" 3d	1870 "	" 17th	1884 "
" 4th	1871 "	" 18th	1885 "
" 5th	1872 "	" 19th	1886 "
" 6th	1873 "	" 20th	1887 "
" 7th	1874 "	" 21st	1888 "
" 8th	1875 "	" 22d	1889 "
" 9th	1876 "	" 23d	1890 "
" 10th	1877 "	" 24th	1891 "
" 11th	1878 "	" 25th	1892 "
" 12th	1879 "	" 26th	1893 "
" 13th	1880 "	" 27th	1894 "
" 14th	1881 "	" 28th	1895 "

Chronological Table—(*Continued*)

Meiji 29th	1896 A. D.	Meiji 41st	1908 A. D.
" 30th	1897 "	" 42d	1909 "
" 31st	1898 "	" 43d	1910 "
" 32d	1899 "	" 44th	1911 "
" 33d	1900 "	" 45th / Taisho 1st	1912 "
" 34th	1901 "	" 2d	1913 "
" 35th	1902 "	" 3d	1914 "
" 36th	1903 "	" 4th	1915 "
" 37th	1904 "	" 5th	1916 "
" 38th	1905 "	" 6th	1917 "
" 39th	1906 "		
" 40th	1907 "		

Weights, Measures and Money

With English, American, French and German Equivalents

Japan	Great Britain	U. S. of America	France	Germany
Ri = 36 *Chō* = 2,160 *Ken* = 12,960 *Shaku*	2.44030 Miles	2.44029 Miles	3.92727 Kiloms.	3.92727 Kiloms.
Ri (Marine)	1.15152 Miles	1.15151 Miles	1.85318 Kiloms.	1.85318 Kiloms.
Square *Ri*	5.95505 Sq. Miles	5.95501 Sq. Miles	15.42347 Km. Carrés	15.42347 Quadrat Km.
Cho = 10 *Tan* = 100 *Se* = 3,000 *Bu*	2.45064 Acres	2.45062 Acres	99.17355 Ares	99.17355 Ar.
Tsubo = 10 *Gō* = 100 *Shaku*	3.95369 Sq. Yards	3.95367 Sq. Yards	3.30579 Centiares.	3.30579 Quadratm.
Koku = 10 *To* = 100 *Shō* = 1,000 *Gō* = 10,000 *Shaku*	4.96005 Bushels	47.65389 Gallons (Liq.) / 5.11902 Bushels (Dry)	1.80391 Hectolitres	1.80391 Hectolitres
Koku (Capacity of ship)	1/10 of one Ton	1/10 of one Ton	1/10 de Tonne	1/10 Tonne
Kwan = 1,000 *Momme* = 10,000 *Fun* = 100,000 *Rin*	8.26733 lbs. (Avoir.) / 10.04711 lbs. (Troy)	8.26733 lbs. (Avoir.) / 10.04711 lbs. (Troy)	3.75000 Kilogs.	3.75000 Kilogs.
Kin = 160 *Momme*	1.32277 lbs. (Avoir.) / 1.60754 lbs. (Troy)	1.32277 lbs. (Avoir.) / 1.60754 lbs. (Troy)	0.60000 Kilogs.	0.60000 Kilogs.
Yen = 100 *Sen* = 1,000 *Rin* = 10,000 *Mō*	2.0.582 s. d.	0.4984 Dollar	2.583 Francs	2.0924 Marks

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PART I

HISTORICAL SURVEY OF TAXES FOR WAR AND ARMAMENT

NOTE.—In the tables throughout this volume, fractions of *yen* greater than one half have been counted as a whole *yen* and the other fractions have been disregarded.

CHAPTER I

INTRODUCTION

With the demise of Emperor Mutsuhito in 1912 ended the forty-five years of the Meiji Era, and a new period dawned with the glorious name of Taisho (Great Justice). During those forty-five years, or practically half a century, the Japanese nation passed through five civil strifes, one expedition, and three international wars: the War of Restoration from 1868 to 1871, Saga disturbances and the Formosan Expedition of 1874, rebellions of 1876 in Hagi and Kumanoto, known as the *Jimpūren* trouble, Satsuma Rebellion or Seinan War of 1877, war with China in 1894–95, Boxer Uprising of 1901 in Northern China, and the Russo-Japanese War of 1904–5. Nearly ten years in all were spent in warlike activities, and if we take into account half a year, respectively, both preceding and following each war, which for practical purposes can reasonably be called war time, some twenty years, or nearly half of the whole period of Meiji, were spent in a state of war. If born in the first year of Meiji (1868), one must have passed half his life amid scenes of terrible bloodshed.

If we turn our attention to the financial and economic history of Japan, we shall invariably find that every cessation of war, be it civil or international, is followed by readjustments of war loans, as well as by the expansion of armaments. Strange to say, notwithstanding the above-mentioned fact, her economic development after each war was remarkable. It was no less the case with the War of the Restoration and the Rebellion of Satsuma than with the Sino-Japanese and the Russo-Japanese Wars. It was chiefly as a result of the Seinan War that the Empire was unified in complete subjection to the central government, and it was the war with China that did most to enable Japan to attain a stage of national economy. War and economic development go hand in hand, just as the

shadow follows the substance. It is needless to dwell upon the fact that war and armaments have had no inconsiderable effect upon the economic and social conditions of our nation at large.

My subject-matter as regards the financial and economic effects of war and armaments during the Meiji period has to do with the establishment of new and the extension of old taxes as means to meet the expenses of war and military preparations. This is what I mean by "historical and statistical investigation of Japanese war taxes and their economic effects."

By way of introduction, I shall say a few words upon the definition of war taxes and the method of my investigation. By a "war tax" is meant a tax pertaining to war and armaments, or, to be more exact, a tax collected in order to raise war funds and to meet military expenses. War taxes in this sense can be classified from various points of view. They can be either direct or indirect war taxes, according to the direct or indirect relation in which the taxes stand to the war and armaments. They can be either simple or complex war taxes, according to the object of taxation, which may aim at simply raising war funds or, as is frequently the case, may be intended to serve more purposes than a simple defrayment of war expenditure. A tax may be a war tax in the narrower sense when it is collected to meet the actual expenditure of warfare, or it may be a war tax in the wider sense when raised in order to keep up armaments, that is, naval and military forces. There can be made other classifications from different points of view; but what I have to consider in this treatise is war tax plain and simple, directly connected with war, or, in other words, taxes levied simply to cover war expenses on the one hand and naval and military expenditure on the other, whether it be ordinary or extraordinary. Taxes imposed to maintain a reserve fund for military purposes or to pay pensions and reward merits to soldiers or to repay the principal and interest of war loans for armaments are sometimes called war taxes, though only indirectly connected with war; but in the present research we shall leave them out of our consideration.

The origin of the Japanese war taxes may be traced as far back as the remote age of *samurai* ascendency (1185) before the Tokugawa Shogunate, when they were exacted as contribution to military provisions, chiefly in the form of rice. Only those taxes newly levied or increased during the Meiji Era (1869–1914) come within the scope of the present investigation, the classical taxes of remote ages being left out of account. We shall for convenience divide our study into two parts, the first dealing with the historical and statistical facts of the war taxes in the whole system of taxation, and the second with their effects upon our national economy and finance.

Our second part consists of three main features of observation: first, an analytical study of each individual tax and its effect on the object of taxation; secondly, a synthetic study of war taxes as viewed from their effect on our national economy as a whole; and, lastly, an observation on this effect in the light of central and local finance. An economic effect of a tax is viewed from two main points, namely, quantity and efficiency of production and distribution of wealth. The effect of a war tax on public finance is considered from the point of view of whether it conforms with what is scientifically called the finance-political principle, that is to say, whether it could raise enough receipts to defray the estimated war cost and military expenses, and whether the amount levied could meet with the elastic needs of financial circumstances.

Of all the Japanese national expenditures since the opening of the Meiji Era, every item of which has shown an ever-increasing tendency, whether they be military expenses, national loans, or expenditures for general administration, military and war expenses take the foremost place. In the beginning of Meiji the sum of 1,605,734 *yen* was all that was spent for military and naval forces, while in 1912 the expenditure amounted to a total of 214,641,579 *yen*, or 130 times the original sum, the ratio of the military expenses to the whole annual expenditure increasing during the period from 5.3 per cent to 36 per cent. Thus, it is clearly shown that in rapidity of increase these

expenses again hold the foremost position. War expenses up to 1875, inclusive of the outlays for chastising the Ou rebels, for quelling the Hagi and Saga Rebellions, and outlays for Korean affairs and the Formosan Expedition are as follows:

	Yen
First period (Dec., 1867–Dec., 1868)	4,621,633
Second " (Jan., 1869–Sept., 1869)	2,625,644
Third " (Sept., 1869–Sept., 1870)	1,546,984
Fourth " (Oct., 1870–Sept., 1871)	1,140,072
Fifth " (Oct., 1871–Dec., 1872)	3,638
Sixth " (Jan., 1873–Dec., 1873)	82,404
Seventh " (Jan., 1874–Dec., 1874)	3,229,879
Eighth " (Jan., 1875–June, 1875)	1,474,057
Eighth fiscal year (1875)	489,552
Total	15,213,863

The war cost of the Seinan Expedition (1877) amounted to 41,567,727 *yen*, and that of the Sino-Japanese War (1894–95), including both general and special accounts, to 232,609,771 *yen*, to which must be added the sum of 800,000 *yen* for general expenses in connection with the war. The Boxer War (1901) cost Japan 43,602,243 *yen* for military and naval expenses, together with incidental expenditures, while on the Russo-Japanese War Japan spent about 1,700,000,000 *yen*. The grand total of the war expenses during the Meiji Era thus comes to something like 2,000,000,000 *yen*. If we add to these the expenditures for the completion of military replenishment, we shall probably obtain hundreds of thousands of *yen* more. The methods of defraying these immense war expenditures varied with the times. Before the war with China, the funds were mainly furnished through public loans, especially compulsory loans, contributions, etc.; since that war the government has had recourse to voluntary loans and taxation at the same time. The method of covering the war cost was again different from that of defraying military expenditure; for the former, public loans (voluntary and compulsory) being relied upon, and for the latter, war taxes.

Just as the percentage of military expenses to the total expenditure of the nation has increased from year to year, the taxes levied for warfare and armaments surpass in magnitude

other taxes imposed for general administration and government enterprises, the rapidity of increase being especially remarkable since the Sino-Japanese War. The annual revenue of the government has increased no less considerably than the annual expenditure. The total of the ordinary and extraordinary revenues for the first fiscal period was 33,000,000 *yen*, which increased in the year just preceding the Seinan War (1876) to 52,000,000 *yen*, and in the year preceding the Sino-Japanese War (1893) to 89,000,000 *yen*, while in 1912 it reached the enormous sum of 580,000,000 *yen*. This sudden increase is mainly ascribed to a corresponding increase of public loans in the extraordinary revenue and to another increase of taxation in the ordinary revenue. Putting public loans aside for the present, the revenue from taxation, which was only 30,000,000 *yen* in the first fiscal period, and which increased in 1876 to 50,000,000 *yen* and in 1893 to 70,000,000 *yen*, now roughly amounts to 456,000,000 *yen*. This shows the fiscal development of the last twenty years since the Sino-Japanese War, so that we can not deny the fact that this rapid increase of tax revenues has some direct or indirect connection with war. It is true that revenues intended to cover the expenses of general administration and public enterprises made during this period show equally significant progress, but the increase of revenue is especially notable as regards the taxes imposed for war and armaments. This is why the war taxes, as contrasted with other taxes, have increased in larger proportion in their percentage to the total revenue, just as the annual expenditures for arms and armaments have occupied year after year the foremost place among the total national outlays of this country. The historical facts relating to each of the above-mentioned civil strifes and wars, and the sum of the war taxes imposed for warlike purposes during these tumultuous years, as well as the position of these war taxes in the total revenue from taxation and the kinds and rates of these levies, will be given presently.

CHAPTER II

FROM THE RESTORATION TO THE SATSUMA REBELLION

The government system of the Tokugawa Shogunate, in the first half of the nineteenth century, began to weaken in its social and economic foundations, though still maintained by sheer force of lingering custom and tradition. It was Commodore Perry's advent at Uraga in 1853 that gave a final stroke to this decaying organization with its gradually declining influence. Indeed, an American sailor was destined to effect a new departure in the history of the Empire. Great confusion prevailed all over the country, until in October, 1867, Keiki Tokugawa, the last of the Shoguns, finally restored to the Emperor the reins of the national government. The ancient régime of the Imperial sovereignty was thus revived after a long period of two hundred and sixty-five years from the inauguration of the Tokugawa Shogunate by Iyeyasu and six hundred and eighty-two years from the foundation of *samurai* government by Yoritomo. Hence the name "Restoration of the Imperial government." Those clansmen in the northeastern and central parts of the land who felt discontented with this change threw off their allegiance and revolted in January, 1868 (fourth year of Keio, i.e., first year of Meiji), under the Shogun Keiki in the vicinity of Kyoto. In the war which ensued, victory attended the Imperial arms throughout. Another flag of revolt was hoisted by the combined forces of twenty-four clans of Oû and the northeastern districts, only to be soon subdued by the Imperial army. With the fall of Hakodate in May, 1896, where the government forces had besieged the insurgents, the country was at length united under the Imperial government of Meiji. Thus the War of the Restoration was brought to an end.

The war cost amounted to a total of 8,908,333 *yen*, and this

was defrayed in a singular way. Although the reins of government were restored to the throne, the real power of finance still remained with each clan, and the principal sources of state revenue, including, of course, land taxes and other imposts, came far short of the requirements, owing to the political disorder throughout the country. Such being the circumstances at the time of the war, to increase old or to introduce new levies on the people at large was out of the question. The government, therefore, had to rely upon wealthy men in large cities, such as Tokyo, Yokohama, Osaka, Kobe, Otsu, etc., for their contributions and loans, as well as upon the issue of government notes (*Dajokwansatsu*).[1] Between 1874 and 1877 the nation encountered three civil uprisings, i.e., the Saga Rebellion, the Hagi Insurrection, and the *Jimpūren* troubles at Kumamoto, while it dispatched abroad expeditions to Formosa and Korea. The suppression of these internal disturbances cost Japan in all 1,172,364 *yen*, whereas for the Formosan Expedition she spent 3,618,059 *yen*, and for the Korean Expedition 489,552 *yen*. Needless to say, these extraordinary outlays had no small influence upon the balance between expenditure and revenue, especially at a time when our financial condition was so feeble. But the amount required for these purposes was altogether too small to necessitate any special introduction of new taxes or increase of old taxes, ordinary revenue being quite sufficient to make both ends meet.

We must conclude, in view of these facts, that in the period between the War of the Restoration and the Seinan War no war taxes were newly levied nor were any old ones extended for warlike purposes.

The military organization during the period consisted of two different sorts of land forces. Those troops who fought under the Imperial flag in the war of the Restoration still belonged to the jurisdiction of each separate clan, whereas only a small number of soldiers called out of the Satsuma, Chôshu, and Tosa clans formed what may really be regarded as the government army. The expenditure on military and naval

[1] Cf. our investigation on the war cost in *War and Armament Loans of Japan*.

forces was consequently very small, being 1,575,736 *yen* for ordinary and extraordinary expenditure on the army and 30,000 *yen* for extraordinary expenditure on the navy, making a total of 1,605,736 *yen* for the first period, namely, only 5.3 per cent of the entire state expenditure. Unity of military power was attained in 1871, when the troops of the three clans above mentioned were called to Tokyo, forming a more systematic army, then termed *Goshinpei* (Bodyguard), while the troops of each clan were dissolved and four garrisons established at Tokyo, Sendai, Osaka, and Kumamoto. Military expenditure thenceforth began to increase, the total expenditure for the army, inclusive of both ordinary and extraordinary accounts, amounting to 3,252,767 *yen* for the fourth period, or 16 per cent of the total national outlay.

In 1872 the control of national defense, which had hitherto come under the jurisdiction of the Ministry of War (*Hyobusho*), was divided between the newly-established departments for military and naval affairs. The *samurai* class was now deprived of its military character and a system of general conscription provided, and a Naval Act was passed to enable the construction of warships to be started. This led to a complete readjustment of the military and naval organization of this country. In 1876, namely, one year before the Seinan War, the total expenditure for the army, inclusive of both ordinary and extraordinary accounts, stood at 6,904,829 *yen* and that for the navy at 3,424,998 *yen*, thus making a total outlay of 10,329,827 *yen*, or 17 per cent of the entire annual expenditure.

In such a state of affairs, the annual revenue of the nation must of course meet the ever-increasing expenditure on armaments, as otherwise its financial standing might be impaired. Taxation was twice employed for that purpose. The first taxes of 1868, levied with a view to complete the organization of the army at the time of the Restoration, were in the form of provincial assessments on such feudal lords as had renewed allegiance to the Emperor. With these, the military taxes of the Meiji Era made a start. *Meiji-Shiyo* [1] records the fact that

[1] *A Brief History of the Meiji Era*, compiled by the Dajokwan, vol. 1, p. 78.

on each clan was imposed the obligation to supply, for every 10,000 *koku* of income, 10 men (3 men for the time being) intended for the defense of the capital, besides a reserve corps of 50 men for the defense of the respective districts, and an assessment of 3,000,000 *yen* as war funds. On each clan with an income of less than 10,000 *koku* a corresponding amount was assessed as war funds, but no military service was demanded. The second taxes, which were levied in 1873 in order to provide for military and naval expenses, were those imposed on the hereditary incomes of the nobles and members of the *samurai* class. These originated in the taxes of 1869 (*kanrokuzei*) on salaries of all officials under the central government and prefectures, which were abolished in December, 1869, for a time in consequence of the reform carried out in the stipend system. The above-mentioned taxes on the stipend (*kanrokuzei*), originally imposed by a government decree of December, 1873, excepting the prize stipend, were intended to apply after 1874 to the nobles and the *shizoku*, or *samurai*. The decree classified the taxable hereditary stipend in rice into 335 grades, from 5 *koku* to 65,000 *koku*, while the rate of assessment was fixed upon the principle of progressive taxation, the amount ranging from 1 *sho* to 25,000 *koku*. To maintain equilibrium of burden, *kanrokuzei* (taxes on salaries) were reintroduced by the decree of April, 1874. Another decree of May, 1875, extended the liability to pay taxes to *heimin* (common people) who might possess hereditary stipends. Still another, of December of the same year, imposed taxes on the hitherto exempt prize stipend. In August, 1876, an Act relating to the issue of hereditary pension bonds became effective, and since 1877 every form of hereditary and prize stipend has been abolished and pension bonds granted instead; naturally the taxes in question were made invalid in absence of the taxable objects. Among the taxes on stipend, those levied on the nobles and *samurai* caste alone pertain to war and armaments; nevertheless, as they can not be severed from the two remaining stipend taxes, the entire revenue may conjointly be mentioned. From the eighth period to the ninth fiscal year, it amounted to a total

of 7,155,144 *yen*, which consisted mainly of taxes on the nobles' and *samurais'* stipend, the other two sorts obviously bringing forth quite a small sum.[1] The military taxes during the period preceding the Seinan War are thus limited to provincial assessments and to taxes on hereditary incomes of the nobles and *samurai* caste, both intended to cover the cost of national defense.

[1] Cf. Shigenobu Okuma, *Kessan-hokokusho for Eight Periods;* and *Financial History of Meiji Period*, vol. VI.

CHAPTER III

FROM THE SATSUMA REBELLION TO THE SINO-JAPANESE WAR

In the preceding pages we have considered the taxes exacted for warfare and armaments from the Restoration to the ninth year of Meiji (1876). We have noted that during that period, which was one of incessant civil strife, perhaps reasonably to be expected under a newly established government, there was no introduction of new or increase of old taxes to meet the war cost; military taxes were only twice levied in order to complete military and naval outlays. The Satsuma Rebellion or the Seinan (Southwestern) War, which broke out on February 5, 1877, at Kagoshima, was on a much larger scale than the preceding insurrections of the opening years of Meiji. This rebellion was, properly speaking, an internal strife among the supporters of the new government of Meiji. It lasted for nine months, extending over a large area. Participating in the engagements were 62,000 soldiers, 2,104 sailors (some 64,000 men in all), and 14 warships, besides 23,500,000 employees and coolies, and a total expenditure of 41,567,726 *yen* was incurred. How to defray the expenses was a hard problem for the government, for the introduction of new or the increase of old levies might impair popular sentiment, as the prestige of the new polity was not as yet universally recognized throughout the land. There was no prospect of raising national loans from the public. At length, a loan of 15,000,000 *yen* at the low interest of 5 per cent per year was contracted with the National Bank, the inauguration of which, by virtue of the hereditary pension loans invested as its capital, had at that time been in contemplation by Tomomi Iwakura, who agreed to the government loan in exchange for the privileges granted by the authorities, thus facilitating the establishment of the bank. But this was, so to speak, a mere makeshift. The amount

borrowed did not come up to the fiscal exigencies of the war. The course of the hostile activities called for an urgent supply of additional war funds, and the government was forced to issue new paper money to the amount of 27,000,000 *yen*, to which was added a contribution of 10,000 *yen* from Sakai Prefecture. In this manner, although not without immense difficulty, there was raised a total war cost of 42,010,000 *yen*. It may thus be noted that in the Satsuma Rebellion no war taxes were levied nor were the rates increased.

In 1880 the rate of the *sake* manufacture tax was doubled to redeem the inconvertible paper currency hitherto issued to defray the war cost. At the end of the year, the redemption fund had to be increased and a revision introduced regarding the items of local tariffs, the expenses of constructing or repairing prefectural buildings being charged to local taxation. In 1882 a stamp duty on patent medicines and taxes on brokers in the Rice Exchange and Stock Exchange were introduced for the same purpose. These taxes, all aiming at the redemption of war loans, are in fact indirect war taxes; but as the scope of the present investigation is limited to direct war taxes, we must not take them into account.

The period between 1882 and the war with China may be marked as one of increase of armaments. The history and fiscal statistics are minutely dealt with in the first part of *War and Armament Loans of Japan*, a separate volume in this series, to which the reader is referred. But the main features may here for convenience be succinctly stated. In 1882 expenditure for the army stood at 9,600,000 *yen*, that for the navy at 3,400,000 *yen*, making a total of 13,000,000 *yen*, namely, 17.8 per cent of the total annual expenditure. In 1883 military expenses of 10,849,827 and naval expenses of 6,200,599 made a total of 17,050,426 *yen*, or 20.5 per cent of the total national outlays of the year. The above figures for the navy are chiefly due to the fact that 26,670,000 *yen* were to be expended in organizing a powerful fleet in the eight years from 1883 to 1890. Between the sixteenth (1883–84) and the twenty-first (1887–88) fiscal year, the construction of 20 warships was either commenced or

completed; in the twenty-second (1888–89) fiscal year, 8 ships, including a few of minor size and torpedo boats, were added; in the twenty-third (1890–91), a total tonnage of 58,000 was reached, manned by some 5,900 seamen. In nine years conditions were absolutely changed. The naval expenses of 3,400,000 *yen* in 1882–83 rapidly rose to 9,596,559 *yen* in 1891–92. Turning our attention to the army, we find that in 1884 a number of infantry regiments in the garrisons were reorganized into brigades, so as to form a basis for establishing army divisions; that in 1886 artillery was placed in the fortresses newly constructed in the important strategic points on the coast; that in 1888 army divisions, six in number besides the Imperial Guard Division, were organized; that in 1889 and after, fortifications and barracks were most profusely constructed and guns and cannon amply provided. This caused an extravagant increase of army expenditure; starting from 9,600,000 *yen* in 1882, it reached the enormous sum of 14,647,751 *yen* in 1891. Thus, we obtain, for the latter fiscal year, a total expenditure, both on the army and the navy, of 24,244,310 *yen*, that is, almost double the corresponding amount in 1882, and 31.8 per cent of the total annual expenditures.

Means for meeting this vast expenditure were sought in the general annual revenue and in the Navy Loan of 1886; but besides these sources of revenue, the government increased the *sake* manufacture tax by a decree of December, 1882, and reestablished the soy manufacture tax by a decree of May, 1885, besides introducing the confectionery tax. These are taxes for maintaining armaments, thus coming within the scope of our investigation.

An Imperial edict of April, 1889, introduced a system of income taxation, necessitated, on the one hand, by the reduction of taxes on Hokkaido products, and, on the other, by the urgent need of coast defense expenditure, due to the increase of armaments. This income tax should not be regarded as a mere source of revenue for armaments, as it was intended to meet the increasing expenses of general administration, as well as to introduce a reform in the system of tax legislation. Like

those taxes levied or increased, as mentioned above, for the purpose of consolidating war loans, this income tax must be passed without comment.

In view of these facts, we must conclude that no war tax, strictly speaking, was imposed during this period, and that, if military taxes levied for armaments are taken into account, we must mention the increase of the *sake* manufacture tax and the introduction of the soy manufacture tax and confectionery tax. The tariffs of the first of these three taxes were originally stipulated in the regulations for the *sake* manufacture tax enacted in 1880: Class 1, brewed *sake* (refined and unrefined *sake* and other similar brewed liquors) at the rate of 2 *yen* per *koku* of the quantity brewed; Class 2, distilled *sake* (*shochu* and other distilled spirits) at the rate of 3 *yen* per *koku* of the quantity manufactured; Class 3, remanufactured *sake* (superior *sake*, *mirin*, white *sake*, etc., manufactured by combining brewing and distilling processes, or other remanufactured liquors) at the rate of 4 *yen* per *koku* of the quantity manufactured. The rates were now raised to 4 *yen* for Class 1, 5 *yen* for Class 2, and 6 *yen* for Class 3. The tax on Japanese soy was assessed in the opening years of Meiji, when it went by the name of *myogakin* (regalia or royalty), as did the tax on *sake*. However, it was abolished in 1874 on the ground that it was an article of daily necessity and not of luxury. The needs of the war chest gave life to the old tax a second time, and the Treasury drew up the regulations on the soy tax based upon those on the *sake* tax. For purpose of assessment the soy taxes are classified into two items—license tax and manufacture tax. The rate of the former is 5 *yen* per annum per factory, that of the latter is 1 *yen* per *koku* manufactured. The confectionery tax had formerly been a part of business taxes and its yield went to local treasuries. Regulations on the confectionery tax were now inaugurated in order to supply revenue for military preparations. The taxes are assessed by dividing them into two sorts—business taxes and manufacture taxes. The former are again subdivided into three groups: (1) taxes on manufacturing business, (2) taxes on wholesale business,

and (3) taxes on retail business. The taxes on a confectionery manufacturing business are imposed according to the number of persons engaged, viz., 15 *yen* for 10 persons or more, 10 *yen* for 3 persons or more, 5 *yen* for 2 persons or more, 1 *yen* for a business with no employees. The taxes on a wholesale confectionery business are also similarly assessed, viz., 20 *yen* for 10 persons or more, 15 *yen* for 6 persons or more, 10 *yen* for 3 persons or more, 5 *yen* for 2 persons or less, 1 *yen* for a business with no employees. A confectioner, according to the provision of the regulations, liable for more than two classes of the confectionery taxes must pay the larger amount, the rates for each one of the three being assessed according to the number of persons employed. Manufacture taxes are levied on the manufacturer of confectionery at the rate of 5 per cent of the proceeds of his sales.[1]

As set forth in this and the preceding chapter, the military taxes assessed during the twenty-six years from the Restoration to the war with China are all those for armaments and are not war taxes pure and simple. These taxes are of various descriptions: provincial assessments of the clans and the taxes on the hereditary incomes during the period between the Restoration and the Satsuma Rebellion, *sake* taxes, soy taxes, and confectionery taxes during the period subsequent to the Satsuma Rebellion. Assuming the increased annual revenue of *sake* taxes to be approximately 3,000,000 *yen* on the average, judging from their yields, both before and after the revision, the annual revenues of each military tax during the period are as shown on page 18.

In the following table the revenue of provincial assessments of the clans shows great fluctuations from year to year: 70,000 to 80,000 *yen* for the first two periods swelled to 378,000 *yen* for the third and to 1,460,000 *yen* for the fourth, an increase of from five to twenty times, wheras it diminished for the fifth to nearly half the last figure, and lastly it stood at 108,000 *yen* or an increase of 50 per cent of the original amount of revenue. The sudden swelling of the figures for the third

[1] Cf. *Financial History of Meiji Period*, vol. VI.

ANNUAL REVENUE FROM MILITARY TAXES

Fiscal period or year	Provincial assessments	Taxes on hereditary stipend	*Sake* taxes	Soy taxes	Confectionery taxes	Total
	Yen	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*
First	73,377	....	....	....	....	73,377
Second	79,137	....	....	....	....	79,137
Third	378,093	....	....	....	....	378,093
Fourth	1,461,064	....	....	....	....	1,461,064
Fifth	693,815	....	....	....	....	693,815
Sixth	108,871	....	....	....	....	108,871
Seventh	....	....	....	....	....	....
Eighth	....	2,949,839	....	....	....	2,949,839
1875–76	....	2,075,118	....	....	....	2,075,118
1876–77	....	2,130,187	....	....	....	2,130,187
1877–78	....	....	....	....	....	....
1878–79	....	....	....	....	....	....
1879–80	....	....	....	....	....	....
1880–81	....	....	....	....	....	....
1881–82	....	....	....	....	....	....
1882–83	....	....	....	....	....	....
1883–84	....	....	3,000,000	....	....	3,000,000
1884–85	....	....	3,000,000	....	....	3,000,000
1885–86	....	....	3,000,000	640,179	437,893	4,078,072
1886–87	....	....	3,000,000	1,188,413	544,901	4,733,314
1887–88	....	....	3,000,000	1,252,721	595,738	4,848,459
1888–89	....	....	3,000,000	1,359,986	628,323	4,988,309
1889–90	....	....	3,000,000	1,288,078	647,033	4,935,111
1890–91	....	....	3,000,000	1,210,575	662,647	4,873,222
1891–92	....	....	3,000,000	1,254,106	614,192	4,868,298
1892–93	....	....	3,000,000	1,278,011	587,011	4,865,022
1893–94	....	....	3,000,000	1,332,793	593,807	4,926,600

and fourth periods is due to the fact that the assessments on the clans were extended to their retainers' fiefs as well, while the dissolution of the feudal system and the establishment of prefectures in 1871 led to the abolition of the above assessments, to which must be ascribed the immense decrease of revenue for the fifth and sixth periods, the amount being the sum of the arrears subsequent to the abolition of the taxes. Taxes on hereditary income before and after the eighth period brought in annually almost a fixed sum: 2,900,000 *yen* for the eighth; 2,000,000 *yen* for the eighth fiscal year; 2,100,000 *yen* for the ninth. This is how the matter stood prior to the Satsuma Rebellion.

As regards the state of affairs after the Rebellion, we have to mention 3,000,000 *yen* as an increased yield of the *sake* taxes for 1883. Adding to this the taxes on soy and confectionery, the revenue amounted in 1885 to 4,078,072 *yen*, subsequently ranging from 4,900,000 to 4,800,000 *yen* until it reached 4,926,602 *yen* in 1893, the year preceding the war with China. Thus it shows an increase of 70 per cent during the period.

We have to consider further the percentage which military taxes bear to the total revenue from taxation. For the period prior to the Satsuma Rebellion, the provincial assessments of the clans with their fluctuating yields must here be omitted. Taxes on hereditary stipend ranged from 3.9 per cent for the eighth period and 3.5 per cent for the eighth fiscal year to 4.1 per cent for the ninth. The average amount of annual revenue from military taxes during the whole period is figured out at 1,243,688 *yen*, or 3 per cent of the total amount of average annual revenue from taxation.[1]

Respecting the period subsequent to the Satsuma Rebellion, the ratio of the revenue from military taxes to the total revenue from taxation stood at 4.4 per cent for the sixteenth year (1883–84), advanced to 7.8 per cent for the eighteenth (1885–86), and then, varying between 7 per cent and 7.6 per cent, showed 7 per cent for the twenty-sixth (1893–94), or an increase of 60 per cent over what it was in the sixteenth fiscal

[1] See table no. 1 (*a*), Appendix A, *post*, p. 155.

RATIO OF REVENUE FROM MILITARY TAXES TO TOTAL REVENUE FROM TAXATION

Fiscal year	Population	Total revenue from taxation	Average amount of taxes per capita	Military taxes	Per capita	Ratio of military taxes to total tax revenue
		Yen	*Yen*	*Yen*	*Yen*	*Per cent*
10 (1877–78)	34,628,328	47,923,182	1.384	....	....	...
11 (1878–79)	34,898,540	51,485,907	1.475	....	....	...
12 (1879–80)	35,768,556	55,579,685	1.554	....	....	...
13 (1880–81)	35,925,313	55,262,421	1.538	....	....	...
14 (1881–82)	36,358,994	61,675,927	1.696	....	....	...
15 (1882–83)	36,700,118	67,738,535	1.846	....	....	...
16 (1883–84)	37,017,302	67,659,762	1.828	3,000,000	.081	4.4
17 (1884–85)	37,451,764	67,203,829	1.794	3,000,000	.080	4.5
18 (1885–86)	37,868,897	52,581,262	1.388	4,078,072	.108	7.8
19 (1886–87)	38,507,177	64,371,436	1.388	4,733,314	.123	7.4
20 (1887–88)	39,069,691	66,255,345	1.672	4,848,459	.124	7.3
21 (1888–89)	39,601,237	64,727,166	1.696	4,988,309	.126	7.7
22 (1889–90)	40,074,020	71,294,260	1.634	4,935,111	.123	6.9
23 (1890–91)	40,453,461	66,114,681	1.778	4,873,222	.120	7.4
24 (1891–92)	40,718,677	64,423,353	1.635	4,868,198	.120	7.6
25 (1892–93)	41,089,940	67,167,796	1.582	4,865,012	.118	7.2
26 (1893–94)	41,388,313	70,004,763	1.635	4,926,602	.118	7.0
Average 1883–93	39,385,498	62,439,377	1.585	4,460,288	.113	7.1

year. The aggregate sum of the military taxes during this period amounts to 49,063,172 *yen*, that is, an average annual revenue of 4,460,288 *yen*. This amount is equivalent to 7 per cent of the average annual revenue from the total taxation, i.e., 65,618,523 *yen*.

Readers are referred to Table No. I (*b*), Appendix A,[1] for minute details, but the more important figures are given on the opposite page.

[1] *Post*, pp. 156–7.

CHAPTER IV

FROM THE SINO-JAPANESE WAR TO THE RUSSO-JAPANESE WAR

Although spoken of as wars, those successive campaigns prior to the war with China are, to all intents and purposes, merely internal strifes, mainly waged by ambitious rivals struggling for political supremacy. But the war with China in 1894 and the subsequent campaigns were really fought between nations and deserve the name of international wars. Roughly speaking, the real cause of these wars may with justice be ascribed to the contests for economic supremacy incidental to the development of national resources. The methods of defraying the war cost, as was observed in the introductory remarks, vary with the epochs. The more important revenues before the Sino-Japanese War had consisted in the compulsory issue of paper currency, loans from millionaires, contributions, etc., which now boast of merely secondary significance and are gradually superseded in importance by voluntary public loans and taxation in the modern sense of the word. As regards the public loans, the reader is referred to the third section of the Japanese Research Department, while the war taxes will be explained later on in the present treatise. The causes and progress of the hostilities as well as the war expenditures for each war since the Sino-Japanese War are given in detail in the first, fourth, and fifth volumes of the researches. These points are omitted in the present study, the statistics of war expenses only being noted. In passing, it is worth mentioning that there may be a slight discrepancy between the figures in the present treatise and those in the first volume, owing to the inevitably different points of view from which they are made out in respect to the sources of revenue.

In Connection with the Sino-Japanese War

The Sino-Japanese War began in July, 1894, and was brought to a victorious end in April, 1895, with the peace treaty of Shimonoseki. For the ten months of hard fighting, Japan disbursed 232,609,771 *yen* as the total war cost, defrayed from the special account of the extraordinary military expenditures. The sources of revenue consisted of (1) the treasury surplus in 1893 of 23,439,086 *yen*; (2) public loans raised, 116,804,926 *yen*; (3) contributions to the military and naval relief fund, 2,788,741 *yen*; (4) sundry receipts, 1,519,305 *yen*; (5) receipts from the occupied territories, 624,425 *yen*; (6) receipts from Formosa and the Pescadores, 935,679 *yen*; (7) special fund transferred, 78,957,165 *yen*. These items brought forth in the aggregate 225,230,129 *yen*, the surplus over the expenditure being carried forward to the general account for the fiscal years subsequent to the twenty-ninth (1896–97). It must be noted from the above that the government depends for meeting the war expenses upon the proceeds of public loans and the receipts of a special fund (Chinese indemnity), having recourse neither to the introduction of new nor to the increase of old taxes.[1]

Of the many readjustments after the Sino-Japanese War, the expansion of military and naval preparations heads the list in importance. The scheme of the ten-year expansion of national armaments, which was finally decided upon in the twenty-ninth fiscal year (1896–97), necessitated a disbursement of 106,487,336 *yen* for the army between 1896 and 1903, and 211,650,116 *yen* for the navy between 1896 and 1906, making a total outlay of 318,137,458 *yen*. This enormous expenditure was covered by (1) 196,058,025 *yen* from the Chinese indemnity; (2) 77,168,702 *yen* from public works loans; (3) 44,910,731 *yen* from the ordinary revenue of the state.

Thus, even if we take it for granted that the appropriations from the ordinary revenue all consisted of proceeds of taxation, obviously no special increase of old levies for the purpose of

[1] Cf. *Report on the Post-Bellum Financial Measures of the Russo-Japanese War.*

warfare was necessitated, as the amount—4,490,000 *yen*—is equivalent to the annual revenue from ordinary taxation. In fact, the government introduced in the twenty-ninth fiscal year a new system of business taxes and registration duties, thus creating 7,551,377 *yen* and 6,423,993 *yen* respectively. In the same year the government increased the rates of the *sake* taxes and carried into effect the state monopoly of leaf tobacco, obtaining 9,284,544 *yen* by the former means and 10,316,379 *yen* by the latter. Because of these taxes the government had a total of 33,576,293 *yen* at its disposal. At the same time, however, the government abolished the license tax for the manufacture of *sake* and the tax on *sake* for home consumption; also the business taxes on spirits, barm, soy, tobacco, confectionery, ship money, the tax on vehicles, the license tax on dealings in oxen and horses, the ship money of Okinawa Prefecture, and some export duties, thereby losing an approximate revenue of 10,000,000 *yen*. Thus, the new program had in view a rearrangement of the taxation system as it was then in force, as well as an extension of the sources of revenue for the general account of the national exchequer. These new taxes, therefore, can not be enumerated as military or war taxes.

The Treasury expected to obtain, by the above adjustment, an increase of the annual net revenue averaging close to 25,000,000 *yen*, making allowance for the reduction of 10,000,000 *yen* due to the abolished taxes; but the result obtained came far short of the mark. Furthermore, the expansion of ordinary expenditure since the thirty-first fiscal year (1898–99), together with the difficulty of raising public loans owing to the stringency of the domestic money market incidental to an excess of imports, led the government to decide, as another post-bellum measure, upon a second increase of taxation in 1899, which involved an 8 per cent increase of land taxes for the next five consecutive years, another increase of income taxes, *sake* manufacture taxes, and registration duties, as well as the raising of monopoly rates for leaf tobacco, the introduction of tonnage dues, the revision of taxes on convertible note issue, and the advancement of soy manufacture taxes and of postal

revenues. Evidently, these levies, either increased or revised, are not to be termed war or military taxes.

To sum up, despite the immense expenditure involved in the post-bellum government undertakings pertaining to national defense, industries, and administration, no military or war taxes in the strict sense were levied in consequence of the war with China.

In Connection with the Boxer Uprising

The Boxer Uprising began in May, 1900, and was concluded in September, 1901. Japan joined in the campaign with the allies and dispatched an expedition. The military and naval expenditure on this account in 1900 and 1901 amounted to 35,643,790 *yen* (exclusive of general charges), which were defrayed in 1900 by (1) appropriations from the ordinary revenue amounting to 2,500,000 *yen* and (2) transferring the use of the replenishment fund for warships and torpedo boats, amounting to 20,000,000 *yen*, making an aggregate sum of 22,500,000 *yen*. The second of the above sources of revenue had to be refunded in the thirty-fourth fiscal year (1901–2), whereas 22,800,000 *yen* still remained to be defrayed for the affair in the same year. The stringency of the home money market baffled the idea of raising any domestic loans, and the Treasury found no way but to resort to the increase of taxation. Accordingly, in the budget compiled for the year 1901–2 an increased taxation bill was submitted to and passed by the Diet. The different items of increased taxes, with their rates, are given in the following table:

A. *Sake* manufacture taxes (enforced on and after October 1, 1901):
   Class 1. Refined *sake*, unrefined *sake*, white *sake*, and *mirin* increased to 15 *yen* per *koku* from 12 *yen*.
   Class 2. *Shōchu* (distilled spirits) increased to 16 *yen* per *koku* from 13 *yen*. Spirits and other alcoholic liquors; taxes on mixed *sake* abolished. The taxes on these liquors are assessed by *koku* on the quantity manufactured, the rates being fixed at 75 *sen* for every 1 per cent of alcohol therein contained. The rates shall in no case be less than 16 *yen* per *koku*.

B. Beer-brewery taxes (enforced on and after October 1, 1901):
   Assessed on the manufacturer at the rate of 7 *yen* per *koku* on the quantity brewed. These taxes are imposed on the estimated quantity brewed during the previous month, and are to be paid in the succeeding month.

C. Sugar excises:[a]		
Class 1. Under No. 8 Dutch Standard color (sugar and molasses)	1	*yen* per 100 *kin*
Class 2. No. 8 to No. 15 or under (sugar)	1.60	
Class 3. No. 15 to No. 20 (sugar and syrup)	2.20	
Class 4. Above No. 20 (sugar and syrup)	2.80	
D. Revised customs tariffs:		
Alcohol	.40	*yen* per liter
Beer and black beer	.104	
Brandy, gin, liquor, rum, whisky and other distilled liquors struck out, and "sundry liquors" inserted	.27	
Petroleum in tin	.032	*yen* per gallon
Petroleum not in tin	.020	
Cigars and small cigars	150	% ad valorem
Cigarettes	150	
Snuff	150	
Cut tobacco[b]	150	
Other kinds of manufactured tobacco	150	
Chinese liquors (fermented)	100	
Sake	100	

[a] These excises are collected when the articles are delivered from factories, customhouses, or bonded warehouses.

[b] In addition, the monopoly prices of the leaf tobacco were raised from 130 per cent to 150 per cent.

By the above program the Treasury expected to obtain 23,905,000 *yen*, in the year 1901–2, including the loans contracted, and to add to its coffers an annual revenue of 21,426,000 *yen* from the years 1901–2 to 1904–5, as the result of the increased taxes. The actual results again did not attain the object in view. The revised beer taxes, sugar excises, and the tobacco monopoly proceeds brought in the year 1901–2 a paltry sum of 4,328,925 *yen*, and revenues from the new and increased levies came, in the year 1902–3, to 16,076,128 *yen*, thus falling far short of the estimated revenue. The shortage, however, proved to be of small consequence, for the total revenue of these fiscal years sufficed to clear the expenses of the year 1901–2, and the object of increased taxation was consequently attained. Furthermore, the Boxer Uprising was brought to an end in September of the same year, whereas in 1902 an indemnity of 50,000,000 *yen* paid into the Treasury enabled the authorities to make good the deficit. Theoretically speaking, the increase of taxation due to the affair had to be discontinued with the cessation of warlike activities.

On the other hand, the stringency of the domestic money market impeded any prospect of raising new loans to cover the expenditure upon public works. This compelled the government in the year 1900–1 to transfer 14,700,000 *yen* from the indemnity fund to defray the expenses for the expansion of various government enterprises. But the amount thus transferred had to be refunded, as the fund in question was intended to serve other purposes, and the time for its use was drawing near. Moreover, the indemnity, which was to be received in the shape of 4 per cent bonds, guaranteed by Chinese customs revenue, subject to the joint supervision of the Powers, was of no practical use to the Treasury in such a straitened condition. Therefore, the government had to keep up the increase of taxation in the intervening years, thus filling up with the yield of increased levies the warships and torpedo boats replenishment fund, from which expenses of some of the public undertakings were defrayed. Part of the indemnity bonds belonging to the general account was sold for similar purposes, while some of them were exchanged for such public loans as were possessed by the deposit account and had fallen due, thus bringing into the national coffers an amount of cash equivalent to the redeemed loans. In other words, the government realized the Chinese loans to the account of the revenue of the increased taxes and the redemption of public loans.[1]

Thus, the taxes introduced to meet the war expenses could not be abolished and continued to supply an important revenue for defraying expenditure upon public works. Not only that, but the government, despite the fact that the term originally fixed for increased land levies was fulfilled in 1903, now abandoned its once decided scheme of resuming the original rate for land taxes, which had been increased to cover the expenses of augmenting government enterprises as well as general administration. The increased revenue was intended to defray the outlay for navy expansion, which led to the dissolution of the Diet in 1903. The navy expansion bill in question at length secured the approval of the Legislature as a supplementary

[1] Cf. Dr. Kobayashi, *History of State Finance* (*Kokka-zaiseishi*), p. 162.

budget, though the continuance of an increased tax bill was rejected and had to be withdrawn.

As stated in this and the preceding chapter, the military taxation during the period is limited to the war taxes imposed at the time of the Boxer Uprising. They brought into the Treasury 4,328,925 *yen* in the year 1901–2 and 18,889,514 *yen* in the year 1903–4, an increase of 4.5 times. The total war taxes during the intervening years yielded a revenue of 39,294,446 *yen*, averaging annually 13,098,149 *yen*, or 7.6 per cent of the total tax revenue, inclusive of stamp duty and monopoly revenues. The more minute figures are mentioned in Appendix A, Table III,[1] but those of more significant nature are given below:

RATIO OF REVENUE FROM MILITARY TAXES TO TOTAL REVENUE FROM TAXATION

Fiscal year	Population	Total revenue from taxation		Revenue from military tax		Ratio of war taxes to total tax revenue
		Amount	Average per capita	Amount	Average per capita	
		Yen	*Yen*	*Yen*	*Yen*	*Per cent*
26 (1893–94)	41,388,313	70,004,763	1.691	....	....	...
27 (1894–95)	41,694,424	71,286,579	1.710	....	....	...
28 (1895–96)	42,225,080	74,697,623	1.769	....	....	...
29 (1896–97)	42,669,469	81,764,610	1.916	....	....	...
30 (1897–98)	43,181,048	101,175,681	2.343	....	....	...
31 (1898–99)	43,714,142	108,938,510	2.492	....	....	...
32 (1899–1900)	44,205,873	145,536,900	3.292	....	....	...
33 (1900–1)	44,710,073	153,459,491	3.432	....	....	...
34 (1901–2)	45,227,464	162,716,212	3.598	4,328,925	.096	2.7
35 (1902–3)	45,758,821	177,300,470	3.875	16,076,007	.352	9.1
36 (1903–4)	46,588,000	175,504,646	3.767	18,889,514	.405	10.8
Average	44,769,346	146,375,988	3.269	13,098,149	.286	7.6

[1] *Post*, p. 190.

CHAPTER V

FROM THE RUSSO-JAPANESE WAR TO THE PRESENT TIME

The Russo-Japanese War commenced in February, 1904, and ended in October, 1905, with the ratification of the peace treaty at Portsmouth, after a stupendous struggle of twenty-one months, in which Japan came out victorious. The war expenses were to be covered in the following manner:

BUDGET FOR RUSSO-JAPANESE WAR

Class	Extraordinary military expenses (special account)	Emergency fund (general account)	Total
	Yen	*Yen*	*Yen*
1. Urgency measure.....	155,971,035	257,893	156,228,928
2. First budget.....	380,000,000	40,000,000	420,000,000
3. Second budget.....	700,000,000	80,000,000	780,000,000
4. Extra-budget expenditure and supplementary budget.....	60,000,000	36,025,409	96,025,409
5. Third budget.....	450,450,000	79,500,000	529,950,000
Total.....	1,746,421,035	235,783,302	1,982,204,337

The revenue to meet the vast expenditure was arranged as shown in the table at the top of page 30.[1]

The government adhered, on the whole, to the aforesaid project, raising, between 1904 and 1906, six domestic and four foreign loans, bringing forth in all 1,480,000,000 *yen*, to which was added a sum of 67,000,000 *yen*, transferred from the special account and fund. Thus, about 90 per cent of the estimated amount of the extraordinary military

[1] The revenue from increased taxation, putting together accounts of various departments, does not comprise that of the second term increase based upon the first program. The above revenue includes the fiscal surplus. Cf. *Report on the Financial Conditions of the Russo-Japanese War.*

SOURCES OF REVENUE FOR RUSSO-JAPANESE WAR

Class	Extraordinary military expenses (special account)	Emergency fund (general account)	Total
	Yen	*Yen*	*Yen*
1. Public and temporary loans	1,492,421,036	63,601,135	1,556,022,171
2. Transferred from special account and fund	63,000,000	4,000,000	67,000,000
3. Increased taxation	136,330,678	.....	136,330,678
4. Surplus in general account	52,757,476	168,282,167	221,039,643
5. Contributions and sundry revenues	2,000,000	.....	2,000,000
Total	1,746,509,191	235,883,302	1,982,392,492

expenses was met by means of loans, 2 per cent appropriated from the revenue surplus in the general account, while the remaining 8 per cent was thrown on the shoulders of the taxpayers in the form of increased levies. This scheme of increased taxation was carried out in two parts. The first was enacted by the Emergency Special Tax Law and the Tobacco Monopoly Law, of April 1, 1904, the former being made operative on the date of enactment, and the latter on and after July 1, 1904. The land, income, business, *sake*, bourse, and mining taxes, as well as the sugar excise, the customs duties, the stamp receipts, and the tobacco-monopoly profits, were added to the list of increased levies, while taxes on woolen textile fabrics and petroleum excises were newly introduced, the total revenue of this part of the program being estimated at 62,201,879 *yen*. The second part of the program was enacted by the Revised Emergency Special Tax Law, the Succession Tax Law, and the Salt Monopoly Law, all promulgated on January 1, 1905, the first named of the three being put into force on the date of its promulgation, and the last named on and after June 1, 1905. The land, income, business, *sake*, patent-medicine business, mining, registration, and bourse taxes, the sugar excise, and the customs duties were again subjected to emergency increase,

and the textile-fabric tax, the transit tax, succession tax, and the salt monopoly tax were newly added to the list. This part of the program was to yield an estimated total revenue of 74,128,799 *yen*. The main features of the increased rates, exclusive of those for the monopoly profits and succession taxes, are shown in the table on page 32.

The tobacco monopoly is an enlarged form of the leaf-tobacco monopoly put into force as a post-bellum measure after the war with China. The monopoly was now made complete, so as to cover the manufacture and sale of tobacco besides the purchase of leaves. This new scheme came into practice in July, 1904, for leaf tobacco, and in April, 1905, for cut tobacco, and both made steady progress and exhibited satisfactory results. The reader is referred to Table No. I (*a*), Appendix A, for the increase of monopoly profits.

The salt monopoly was included in the first program of wartime finance, when a salt consumption tax bill was submitted to the Diet as a preparatory measure, but was rejected. Subsequently, the government attempted to carry out the salt monopoly in the second program, and this met with the Diet's approval. The law was enacted on June 1, 1905. For the increase of salt monopoly profits, the reader is referred to Table No. I (*a*), Appendix A.

The succession tax is a new departure in the history of our taxation. The taxable value is classified, and the rates vary with the classes as well as with the different kinds of successors. The classification of the taxable value again varies according to whether the heirs succeed to the house headship (*katoku*) or to the inherited property only (*isan*). With the *katoku* heir, the first class liable to taxation is assessed at an amount of 5,000 *yen* or less, and, going upwards, the last or ninth class reaches about 100,000 *yen*, where the rates are made progressive for every increase of 50,000 *yen* until they reach 1,000,000 *yen*. With the *isan* heir, the first class begins at 1,000 *yen* or less, and, going upward, the last or tenth class reaches above 100,000 *yen*, the rates being likewise progressive for every increase of 50,000 *yen* until they

First and Second Special Emergency Taxes[a]

Description	Rate of assessment	First special increase	Second special increase	Total rate
Land tax	*Per cent*	*Per cent*	*Per cent*	*Per cent*
Provincial dwelling land	2.5 registered value	3.5	2	8
Urban dwelling land	" " "	5.5	1.2	20
Other land	" " "	1.8	1.2	5.5
Business tax	1	70	80	2.5
Income tax				
First kind A	1	70	80	2.5
First kind B (5,000 *yen* to 100,000 *yen*)	1	70	10 to 330	1.8 to 5
Third kind (500 *yen* to 100,000 *yen*)	1	70	30 to 200	2 to 3.7
Registration tax				
Registration of immovables	.24 to .25	.3 to 1	.5 to 1	.5 to 6
Registration of ships	.1 to 2	.2 to 2	.5 to 1	.3 to 5
Bourse tax				
Wares and negotiable instruments	.06 of sales	.03	.03	.12
National and local loan bonds	.03	.02	....	.05
Import duty (ad valorem)				
Manufactures	5 to 15	....	5 to 15	15 to 35
Foodstuffs	10 to 40	....	5 to 10	25 to 35
Clothing and accessories	20 to 30	20	15 to 20	35 to 50
Leather, sole	15	....	5	20
Metals	5 to 35	....	5 to 10	10 to 45
Petroleum	20	20	10	50
Sugar	5 to 10	20 to 25	....	30
Cotton yarn	15	....	10	25
Bookbinders' cloth	15	....	10	25
Manufactured tobacco	150	100	....	250
Wagons	10	....	5	15
Matches	20	....	10	30
Cocoons	....	....	10	10
Rice and unhulled rice	....	....	15	15
Textile fabric excise (ad valorem)				
Woolen	....	15	....	15
Others	....	....	10	10
Sake manufacture tax	*Yen*	*Yen*	*Yen*	*Yen*
Classes 1 to 4	15 to 23 per *koku*	.50	1.50	17 to 25
Class 5	.75 per 1′ of alcohol	.025	.075	.85
Beer tax	7 per *koku*	.50	.50	8
Alcohol and alcoholic beverage tax				
(1)	16 per *koku*	....	2	18
(2)	.75 " "	.025	.075	.85
Sugar excise				
Classes 1 to 4	1 to 2.80 per 100 *kin*	1 to 3.70	.50 to 1	2 to 7.50
Soy tax				
Class 1 to	1 per *koku* or less	.25	....	1.25
Class 4	2 " " manufactured	.58	....	2.50
Shooting-license tax (first class)	20	10	10	40
Mining tax	10 per 1000 *tsubo*	....	.20	.30
Gold placer mining tax				
River-bed	....	....	.30 per 1 *cho*	.30
River-bed concessionaire	....	....	.30 per 10,000 *tsubo*	.30
Patent-medicine business tax				
Prices of the output (300 to 100,000 *yen*)	2 per dose	....	1 to 100	3 to 102
Stamp duty	.01 to .20	....	.01 to 4.98	.03 to 5
Traveling tax				
50 miles or less	....	....	.01	.01
200 " or more	....	....	.50	.50
Petroleum consumption tax (Up to Sept. 1904; exempt after Oct. 1904)	.032 per gal.	....	....	.032
Stamp duty for administration litigation	....	....	.25 to 7	.25 to 7

[a] The details are shown in table no. 11, Appendix A, *post*, pp. 162 *et seq.*

reach 1,000,000 *yen*. The rates to be applied, too, differ with the *katoku* and *isan* heirs, graduated into three classes according to the degree of relationship between the heirs and the testators. For instance, the minimum rates for the *katoku* heirs are 12, 15, and 20 per mille and the maximum 135, 140, and 150 per mille, while those for the *isan* heirs are 15, 17, 25 per mille and 145, 150, 160 per mille, respectively. The Treasury expected an annual yield of 4,309,596 *yen* from the succession taxes.

The Emergency Special Tax Law stipulated (Article 1) that the revenue from this special taxation was intended to cover war expenses, and that (Article 27) the taxes thereby imposed were to be abolished at the end of the year after the restoration of peace. The exigencies of post-bellum finance, however, called for the continuation of these taxes, and instead of adhering to the letter of the law, which brought them to an end in 1906, the government subsequently endeavored to make the emergency taxes permanent by Law No. 7, of March, 1906, which cancelled the two articles above indicated.

The principal reasons that led to this proceeding may here be advantageously pointed out. The adjustment of post-bellum finance, involving the question of national debts, the increase of soldiers' pensions and annuities, not to mention an appalling increase of military and naval expenditure, could not be avoided. A corresponding increase in the line of post-bellum measures as well occasioned various additional outlays. The ordinary budget for the fiscal year 1906–7, comprising the ordinary annual account together with an additional appropriation due to the situation, is as follows:

	Expenditure	Revenue
	Yen	*Yen*
Ordinary	392,532,477	355,592,942
Extraordinary	101,172,230	139,111,764
Total	493,704,707	494,704,706

Each item of the ordinary expenditure above mentioned can be grouped into three heads—expenses incidental to the

situation, increasing expenses in connection with the contemplated expansion of various departments, and the annual expenditure in the ordinary account for the preceding fiscal years. The amount under each heading, together with the corresponding sources of revenue, is as follows:

Expenditure	Amount	Revenue	Amount
	Yen		*Yen*
Ordinary annual expenditure up to 1905	180,000,000	Ordinary annual revenue up to 1905	219,000,000
Expenses on national debts and armaments	158,000,000	Emergency special taxes	136,000,000
Expenses of expansion of various departments	17,000,000	Natural increment due to general prosperity	37,000,000
Total	355,000,000	Total	392,000,000

Expenses on national debts and armaments consist of the following items:

	Yen
Appropriation on account of the sinking fund	110,000,000
Increase of pensions and annuities	32,000,000
Increase of ordinary army expenditure	11,000,000
Increase of ordinary navy expenditure	5,000,000
Total	158,000,000

These items are all ascribable to war, though, unlike the war cost, they are of a permanent nature and must no doubt be covered by ordinary revenue. The surplus of the ordinary revenue, however, is estimated at only 35,000,000 *yen*, and if we subtract from it the ordinary expenditure as well as the increased expenditure, it can not meet the ordinary expenditure due to the war. This is the most significant reason why the great emergency taxation long survived the return of peace. In other words, the Treasury had to persist in the emergency imposts partly to redeem war debts and partly to defray the cost of armaments. These taxes, therefore, may justly be called military taxes in the indirect sense of the term.

Such being the state of affairs, the emergency taxes were levied continuously. On the other hand, in the fiscal year

1907–8 the following expenditure of 561,820,606 *yen* in all for the expansion of armaments was approved as continuing extraordinary expenses:

THE ARMY

	Yen
Restoration to former efficiency	51,894,718
Building and repairing expenses and equipment	110,449,841
Extraordinary military expenses	129,659,183
Total	292,003,742

THE NAVY

Construction of warships (after 1906)	87,232,314
Replenishment of warships and torpedoes	64,077,291
Naval equipment	110,922,709
Extraordinary naval expenses	7,584,550
Total	269,816,864

This enormous expenditure, together with the cost of railway construction and improvement involved in the eight-year scheme, caused the sum of 138,700,000 *yen* to be deducted from the remainder of the continuing expenditure. Moreover, an equally vast expansion of the national outlay along other than military lines caused an immense increase of expenditures. In the fiscal year 1909–10 a far-reaching depression in economic circles revealed the fact that an approximate deficit in revenue of 260,000,000 *yen* could not be averted for the coming six years, so that an annual shortage of about 40,000,000 *yen* had to be supplied. The Treasury found no path open to it but to postpone part of the government undertakings and to have recourse to public loans and to increased taxation.[1] The measures for the increase of government revenues then adopted consisted in raising the taxes on *sake* manufacture and beer, in sugar excises, and in creating petroleum excises, although all these were not imposed solely for the needs of the war chest, and therefore can not be termed military taxes, having more complicated and indirect objects in view.

After the war, the government entered upon the task of

[1] Cf. *Report on the Post-Bellum Financial Measures of the Russo-Japanese War*, pp. 28 *et seq.*, and Dr. Kobayashi, *History of State Finance* (*Kokka-zaiseishi*), pp. 230 *et seq.*

adjusting the post-bellum finances. In the budget for the fiscal year 1910–11, a project for adjusting the taxation system was submitted to and passed by the Diet, and consequently a reduction of land taxes, succession taxes, *sake* manufacture taxes, sugar excises, hunting-license taxes, taxes on administrative litigation papers, and business taxes, representing a revenue of 14,419,805 *yen*, was brought about in the same fiscal year. This, however, lies outside the scope of the present research and can not be dwelt upon any further.

As indicated in the preceding pages, the military taxes during the epoch consist of the emergency special taxes, salt and tobacco monopolies, and succession taxes, all incidental to the war with Russia, and so deserve the name of war taxes. Of these, however, the emergency special taxes alone are war taxes in the strict sense of the word, salt and tobacco monopolies and succession taxes serving, at the same time, the purpose of the contemplated adjustment of the taxation system. Their main object was doubtless to fill the war chest, and so we have to look upon them as emergency taxes, i.e., war taxes. The returns of their revenue for the period from the first war tax program of 1904 up to 1906 are given on the opposite page.

To these returns must be added the increased revenue of sugar excises, amounting to 3,388,227 *yen*, carried forward to the next fiscal year. The total revenue of the increased taxes will then reach 62,565,362 *yen*, which gives a surplus of 363,483 *yen* over the estimate.

Part of the revenue of the second increase program actually collected in the year 1904–5 amounts to 1,390,208 *yen*, which, if added to the revenue of increased taxes for the same year, will give a total of 60,567,343 *yen*, excepting the sugar excises to be carried forward to the next year.

The tables on pages 37–41 show that the first program of the year 1904–5 failed to bring forth the estimated revenue, the deficit amounting to 3,024,744 *yen*; whereas in the fiscal year 1905–6, the first and second war-tax programs yielded a

REVENUE OF FIRST PROGRAM FOR FISCAL YEAR 1904–1905[a]

Items	Actual	Estimated	Difference
	Yen	*Yen*	*Yen*
Land taxes	23,893,145	23,936,213	— 43,068
Income taxes	5,660,129	5,287,315	+ 372,814
Business taxes	5,154,609	5,036,199	+ 118,410
Sake taxes	169,585	178,484	— 8,899
Soy taxes	1,383,811	1,138,952	+ 244,859
Sugar excises	1,936,763	8,212,382	—6,275,619
Woolen fabrics excises	4,423,766	2,138,661	+2,285,105
Mining taxes	86,484	79,115	+ 7,369
Bourse taxes	232,682	532,846	— 300,164
Sake export duties for Okinawa Prefecture	12,619	5,398	+ 7,221
Customs duties	2,412,999	2,330,633	+ 82,366
Petroleum excises	1,882,983	1,238,599	+ 644,384
Stamp receipts	2,997,767	3,620,797	— 623,030
Monopoly profit	8,929,793	8,466,285	+ 463,508
Total	59,177,135	62,201,879	—3,024,744

[a] These returns are taken from the actual results investigated by the Revenue Superintending Office, except the stamp receipts (accruing from revenue stamps) and monopoly profits, which are computed by distributing the proceeds of increased taxes of the first war-tax program in proportion to the revenue of each item assessed for the fiscal year 1904–5.

total revenue exceeding the estimated amount by 3,420,836 *yen*, and in the fiscal year 1906–7, the increased tax revenue from the first and second programs brought the enormous excess of 22,333,025 *yen* over the estimate.

As regards the percentage which the war taxes bear to the total revenue of taxation, the ratio ranges from 24 per cent in 1904–5 to 49 per cent in 1905–6 and 53 per cent in 1906–7, as shown in the table on page 41.

REVENUE OF FIRST AND SECOND INCREASE PROGRAMS FOR THE FISCAL YEAR 1905–1906 [a]

Description	Program	Actual		Estimated		Difference	
		Item	Total	Item	Total	Item	Total
		Yen	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*
Land taxes	I	27,882,301		28,549,736		— 667,435	
	II	18,366,899		18,640,678		— 273,779	
			46,249,200		47,190,414		— 941,214
Income taxes	I	6,615,580		5,266,641		+1,348,939	
	II	6,794,236		5,286,462		+1,507,774	
			13,409,816		10,553,103		+2,856,713
Business taxes	I	5,259,834		5,083,016		+ 176,818	
	II	6,013,982		5,809,007		+ 204,975	
			11,273,816		10,892,023		+ 381,793
Sake taxes	I	1,697,631		1,971,735		— 274,104	
	II	4,745,366		2,566,083		+2,179,283	
			6,442,997		4,537,818		+1,905,179
Soy taxes	I	1,716,753	1,716,753	1,632,012	1,632,012	+ 84,741	+ 84,741
Sugar excises	I	5,402,550		7,376,595		—1,974,045	
	II	1,303,581		2,400,104		—1,096,523	
			6,706,131		9,776,699		—3,070,568
Woolen fabrics excises	I	5,261,868		2,183,602		+3,078,266	
	II	58,031		.....		+ 58,031	
			5,319,899		2,183,602		+3,136,297
Patent medicine business taxes	II	74,555	74,555	89,279	89,279	— 14,724	— 14,724
Mining taxes	I	97,012		91,276		+ 5,736	
	II	658,744		1,389,586		— 730,842	
			755,756		1,480,862		— 725,106

Bourse taxes	I	560,275		471,903		+ 88,372	
	II	560,272		432,566		+ 127,706	
			1,120,547		904,469		+ 216,078
Sake export duties for Okinawa Prefecture	I	9,536		6,578		+ 2,958	
	II	28,611		66,577		— 37,966	
			38,147		73,155		— 35,008
Customs duties	I	5,502,741		5,610,368		— 107,627	
	II	6,671,643		2,687,626		+3,984,017	
			12,174,384		8,297,994		+3,876,390
Traveling taxes	II	2,211,868	2,211,868	3,188,180	3,188,180	— 976,312	— 976,312
Succession taxes	II	629,684	629,684	4,309,596	4,309,596	—3,679,912	—3,679,912
Salt tax	II	481,359	481,359	.....	.....	+ 481,359	+ 481,359
Stamp receipts	I	2,558,030		3,857,975		—1,299,945	
	II	15,772,909		11,023,388		+4,749,521	
			18,330,939		14,881,363		+3,449,576
Tobacco-monopoly profit	I	15,157,888	15,157,888	14,440,787	14,440,787	+ 717,101	+ 717,101
Salt-monopoly receipts	II	11,998,012	11,998,012	16,293,667	16,293,667	—4,295,655	—4,295,655
Total	I	77,721,999		76,542,224		+1,179,775	
	II	76,369,742	154,091,751	74,182,799	150,725,023	+2,186,958	+3,366,733

[a] These returns are taken from the actual results investigated by the Revenue Superintending Office, excepting the stamp receipts (accruing from revenue stamps) and monopoly profits, which are derived from the proceeds of increased taxes of the first and second war-tax programs in proportion to the revenue of each item assessed for the fiscal year 1905–6.

REVENUE OF FIRST AND SECOND INCREASE PROGRAMS FOR THE FISCAL YEAR 1906–1907 [a]

Description	Program	Actual		Estimated		Difference	
		Item	Total	Item	Total	Item	Total
		Yen	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*
Land taxes	I	28,278,262		28,549,736		— 271,473	
	II	21,642,720		21,700,372		— 57,651	
			49,920,982		50,250,108		— 329,125
Income taxes	I	7,471,974		5,266,641		+ 2,205,333	
	II	7,975,175		5,286,462		+ 2,688,713	
			15,447,150		10,553,103		+ 4,894,047
Business taxes	I	5,538,477		5,083,016		+ 455,461	
	II	6,328,799		5,809,007		+ 519,792	
			11,867,276		10,892,023		+ 975,253
Sake taxes	I	2,102,840		1,978,313		+ 124,527	
	II	6,173,423		2,837,067		+ 3,336,356	
			8,276,264		4,815,380		+ 3,460,884
Soy taxes	I	1,717,958	1,717,958	1,632,012	1,632,012	+ 85,946	+ 85,946
Sugar excises	I	6,926,266		7,376,595		— 450,328	
	II	3,071,084		2,400,104		+ 670,980	
			9,997,351		9,776,699		+ 220,652
Woolen fabrics excises	I	5,036,715	5,036,715	3,260,333	3,260,333	+ 1,776,382	+ 1,776,382
Patent medicine business taxes	II	80,867	80,867	89,279	89,279	— 8,411	— 8,411
Mining taxes	I	99,790		91,276		+ 8,514	
	II	613,200		876,667		— 263,466	
			712,991		967,943		— 254,952
Bourse taxes	I	1,169,957		471,903		+ 698,054	
	II	1,169,957		471,891		+ 698,066	
			2,339,915		943,794		+ 1,396,121

Customs duties	I	6,796,613		5,610,368		+ 1,186,245	
	II	10,985,099		4,778,001		+ 6,207,098	
			17,781,713		10,388,369		+ 7,393,344
Traveling taxes	II	2,463,899	2,463,899	2,120,992	2,120,992	+ 342,907	+ 342,907
Succession taxes	II	1,460,656	1,460,656	2,426,434	2,426,434	— 965,777	— 965,777
Stamp receipts	I	3,021,363		3,857,975		— 836,611	
	II	16,806,573		9,816,345		+ 6,990,228	
			19,827,937		13,674,320		+ 6,153,617
Salt-monopoly receipts	II	23,227,961	23,227,961	26,274,831	26,274,831	— 3,046,869	— 3,046,869
Tobacco-monopoly profit	I	14,679,793	14,679,793	14,440,787	14,440,787	+ 239,006	+ 239,006
Total	I	82,840,013		77,618,955		+ 5,221,058	
	II	101,999,419	184,839,432	84,887,452	162,506,407	+17,111,967	+22,333,025

[a] The returns for woolen fabrics excises, traveling taxes, succession taxes, and salt-monopoly receipts are taken from the outstanding account of March 31, 1907. The returns for the remaining items are derived from the proceeds of increased taxes of the first and second programs out of the total receipts outstanding on March 31, 1907, in proportion to the revenue of each item assessed for the year 1906–7 or actually yielded for the preceding fiscal year (*Report on the War Expenses of the Russo-Japanese War*).

Ratio of War Taxes to Total Taxation

Fiscal year	Population	Total tax revenue	Per capita	Military taxes	Per capita	Ratio of war taxes to total tax revenue
		Yen	*Yen*	*Yen*	*Yen*	*Per cent*
1904	46,588,000	175,504,646	3.767	.....	.....	..
1905	47,219,566	239,051,008	5.063	59,178,138	1.253	24
1906	47,678,396	315,144,985	6.610	154,091,859	3.232	49
1907	48,164,761	350,303,790	7.273	184,839,433	3.838	53

CHAPTER VI

CONCLUSION

In the preceding pages we have pointed out all the taxes increased or introduced primarily in order to defray the direct war cost or expenses of armament, in each of the four periods marked by wars or warlike operations, during the forty-five years from the Restoration to the close of the Meiji Era. We have observed in each period the progress of the annual revenue as well as the ratio the war revenues bear to the total revenue of taxation. All those military or war taxes, with the insignificant exception of the confectionery tax, levied subsequent to the War of the Restoration and at the time of the Satsuma Rebellion, have been continued up to the present. Their continuance is sometimes due to the requirements of the war chest, sometimes only indirectly connected with war; and not seldom are they imposed quite independently of warfare and only incidental to the general condition of national finance. The development of war taxes, irrespective of the reasons for their continuance, in each of the four periods from the Restoration to date, is indicated in the following table:

INCREASE OF WAR TAXES, 1868–1912

Period	Average annual revenue	Ratio to the total tax revenue	Per capita
	Yen	*Per cent*	*Yen*
First (1868–76)	1,243,688	3	0.040
Second (1877–93)	4,460,288	7	0.110
Third (1893–1903)	17,558,436	12	0.390
Fourth (1903–12)	187,494,441	65	3.700

Thus, it can be observed that between the first and second periods the average annual revenue of these taxes increased 3.6 times, and the ratio to the total revenue of taxation 2.3

times. The third period shows an increased revenue of nearly four times what it was in the second, and an increase in the ratio of 1.7 times. The fourth period provides a still more remarkable contrast as against the third, the annual revenue exhibiting a growth of ten times, and the ratio to the total revenue of taxation no less than five times. The ratio of increase throughout the whole epoch can be ascertained by the following proportion: the figure for the first period regarded as 100, the second will become 360, the third 1,440, and the fourth 14,400, so that the taxes grew about one hundred and fifty times during the forty-five years. Of those levies, as has already been indicated, those for the first and second periods, namely, between the Restoration and the war with China, are military taxes for armaments, whereas those for the subsequent periods are war taxes in the narrower sense.

Applying the scientific classification of direct and indirect taxes, those for the first period were direct taxes,while those for the second and the third were indirect, and those for the fourth consisted of 34 per cent direct and 66 per cent indirect taxes.

Ratio of Direct and Indirect War Taxes, 1868–1912

Period	Average annual revenue	Direct taxes	Per cent	Indirect taxes	Per cent
	Yen	*Yen*		*Yen*	
First (1868–76)...	1,243,688	1,243,688	100	....	..
Second (1877–93).	4,460,288	....	..	4,460,288	100
Third (1893–1903)	17,558,436	....	..	17,556,436	100
Fourth (1903–12).	187,494,441	62,310,000	34	125,184,441	66

The foregoing table shows that of all the taxes increased or introduced in direct connection with war, and disbursed solely for purposes of arms and armaments, in the four decades and a half since the Restoration of Meiji, those imposed between the Satsuma Rebellion and the Chinese War were restricted to indirect taxes; and with but the one exception of the Russian War, when an increase of direct taxes was

devised, indirect taxes were in the main always predominant, and have so remained ever since, the rate being 66 per cent of the whole. Though not all the military taxes were disbursed for purposes of arms and armaments, yet as a whole they must be looked upon as so applied. We may safely conclude that war taxes of our nation have mainly been borne by means of indirect taxation.

To sum up, the expansion of Japan's ordinary revenue is largely due to increased taxation in the line of war and armament; war taxes take the foremost place in the present-day system of taxation. Moreover, indirect taxes have for the most part prevailed and still prevail in the whole structure of war taxes, to which fact must be ascribed an almost unprecedented increase of our indirect taxes, as exhibited in Table No. VI, Appendix A.[1] How the war taxes, or, to be more exact, the indirect war taxes, were shifted, and what their effects were upon our national economy and finance, are to be dealt with in the subsequent chapters.

[1] *Post*, p. 194.

PART II

ECONOMIC EFFECTS OF TAXES FOR WAR AND ARMAMENT

CHAPTER I

INTRODUCTION

The economic effects of taxation present a most complicated problem, in that they can be ascertained only to a limited extent. In many cases it is difficult, if not absolutely impossible, to know how far the law of cause and effect holds true of a certain tax. Another difficulty, and one of no inferior degree, presents itself in separating the effects of war taxes from those of other imposts and in isolating them in the vast field of economic facts and fancies. On the other hand, to investigate the effects of war taxes as a whole upon trade, industry, money circulation, and prices would be a fruitless abstraction from which no good could come. To inquire minutely into each war tax and its specific effect would at once exceed the limited time and scope of the present research. Under such circumstances, my treatise on economic effects of war taxes will comprise a more general analysis of each individual war tax with its direct effect upon the object of taxation, as well as a synthetic observation of the effects on national economy. Respecting the financial effects of war taxes, no attention is paid to the secondary effects on finance due to economic conditions affected by war taxes, our attention again being restricted to their immediate influence. It is to be regretted that details have to be limited on account of the brevity of this treatise. Further, it must be remembered that, as has been pointed out already in Part I, the emergency taxes levied at the time of the Russo-Japanese War were most important for their economic effects, and consequently we have to dwell on emergency taxes at greater length and in more minute detail than on other levies for arms.

CHAPTER II

AN ANALYTICAL STUDY OF THE ECONOMIC EFFECTS OF WAR TAXES

Effects of Excises and Customs Duties as War Taxes

As has been succinctly stated in the preceding part of my research, a total burden of 187,494,441 *yen* is borne by the nation in the form of war taxes, of which sum 34 per cent consists of direct and the remaining 66 per cent indirect taxes. The effects of war taxes upon the national economy at large, therefore, should be roughly considered as those of indirect taxation. The question of economic effects of indirect taxes is essentially one of excises and their effects upon the taxable objects; in other words, the problem before us is that upon the incidence of consumption taxes (excises). Thus, first, the problem will be to deal with the variations of the prices of those excised commodities, and, secondly, to inquire into the effects exerted by each separate war excise upon the quantity and efficiency of its production.

As an aid in studying the price movements of the excised commodities, the following table prepared by the Bank of Japan shows the movements of index numbers for the last ten years:

Price-Movement in Index Numbers, 1900–1911[a]

Year	Class 1	Class 2	Class 3	Average
1900	100.09	100.10	100.13	100.00
1901	94.35	92.55	99.50	95.43
1902	97.26	92.65	96.70	96.34
1903	106.47	95.35	99.33	102.65
1904	110.49	95.53	111.00	118.13
1905	116.42	109.63	111.84	115.90
1906	121.39	117.16	116.57	119.31
1907	132.66	124.69	123.40	128.73
1908	128.58	110.25	122.55	123.91
1909	121.18	107.07	118.25	118.07
1910	121.95	105.81	122.65	119.57
1911	131.48	109.78	129.13	127.32

[a] Prepared by the Bank of Japan since 1900, by recording the price movements of 67 staple commodities, which are grouped under three classes: Class 1, articles of domestic production and consumption; Class 2, articles of export; Class 3, articles of import. During the last decade, commodities of domestic consumption rose in price about 31 per cent, those of export 10 per cent, and those of import 29 per cent, averaging a rise of 27 per cent for the whole.

Articles of export have shown the slowest rise in price, all others having shown an increase of about 30 per cent. Food and provisions head the list, rising 70 per cent, mainly attributable to the rise in the price of rice in 1911. Even if rice is excepted, food prices will show an increase of 50 per cent or upward.

Contrasting the price movement of articles for domestic consumption with that of average prices during a corresponding period, we find that the former has always taken the lead, except in 1901 and 1904. In 1911 the prices of articles for domestic consumption increased about 32 per cent, as against 27 per cent for the average prices, thus showing an excess of 4.2 per cent. More exact figures appear in the following table:

RATIO OF PRICES OF ARTICLES FOR DOMESTIC CONSUMPTION TO AVERAGE PRICES, 1901–1911

Year	Articles for domestic consumption	Average prices	Difference
	Yen	*Yen*	*Yen*
1900	100.09	100.00	+ .09
1901	94.35	95.43	—1.08
1902	97.26	96.34	+ .92
1903	106.47	102.65	+3.82
1904	110.49	118.13	—7.64
1905	116.42	115.90	+ .52
1906	121.39	119.31	+2.08
1907	132.66	128.73	+3.93
1908	128.58	123.91	+4.67
1909	121.18	118.07	+3.11
1910	121.95	119.57	+2.38
1911	131.48	127.32	+4.16

In order to account for the excess in the increased rates of commodities for domestic consumption, we insert the following table, showing the retail prices of staple products between 1901 and 1910. Almost all of them show an increase to a greater or less extent, the most remarkable rates being 280 per cent for salt, 70 per cent for red beans, 60 per cent for sugar, and 40 per cent for wheat flour.

RETAIL PRICES OF STAPLE PRODUCTS, 1901–1910

Kind	1901	1910	Percentage of increase
	Yen	*Yen*	*Per cent*
Rice (per *koku*)	16.586	17.188	6.6
Miso (per *kwan*)	0.280	0.380	35.7
Soy, highest quality (per cask)	2.390	2.663	11.1
Pickles, takuwan (per piece, moderate size)	0.018	0.031	72.2
Salt, Ako (per bag)	0.543	2.068	281.7
Soja beans (per *koku*)	8.329	10.739	28.9
Red beans, Hokkaido (per *koku*)	6.687	11.571	73.0
Wheat flour, "Lion" (per *kwan*)	0.326	0.458	40.4
Buckwheat Meal, Musashi (per *sho*)	0.142	0.152	07.0
Tea, Yamashiro or Omi (per *kwan*)	2.230	2.357	05.6
Sugar, "Tenko" (per *kin*)	0.099	0.159	60.6
Eggs, Shanghai (per *kwan*)	15.680	17.565	12.0
Beef, cow (per *kin*)	0.455	0.560	23.0
Wine, Hachi brand (per dozen)	4.400	5.250	19.3
Beer, Kirin (per dozen)	2.594	2.750	6.0

Taking salt as an instance, we know that in 1901 the average retail price per bag of Ako salt was only .543 *yen*, which has now advanced to 2.068 *yen*, an increase of 280 per cent in ten years. This is the state of affairs since the introduction of the salt-monopoly system in June, 1905. It is true that such a sudden rise in prices can be accounted for, as the authorities claim, by a reduction in domestic productivity due to climatic and similar causes. For instance, in 1905, when the monopoly measures were put in operation, incessant rainfall beginning in late spring greatly reduced the salt production, while the salt market increased prices in anticipation of the monopoly enforcement.[1] The enforcement of the salt monopoly law, moreover, has caused an unusual rise even in years of abundant output.

Rises in salt prices naturally led to the rise in prices of other commodities using salt in their composition, such as *miso*, soy, and pickles, which show a rise of from 10 to 70 per cent in the foregoing table.

Rises of from 10 to 70 per cent in prices of soja beans and wheat flour are to be ascribed to the increase of import duties.

[1] Cf. *Report on the War Finance of the Russo-Japanese War*, p. 522.

Instead of the 5 per cent ad valorem duty enforced by the introduction of the customs tariff system in 1901, the rate on these products as a whole increased to 25 per cent due to the Russo-Japanese War, while an increase of no less than 30 per cent was for soja beans alone. The import duties on wheat flour were at the rate of 10 per cent in 1901, and were increased to 27 per cent at the time of the Russo-Japanese War, to which the 40 per cent rise in prices is undoubtedly due.[1]

Thus, it may be seen that of the three groups of commodities, namely, articles of domestic consumption, exports, and imports, the first show the greatest rise in prices, and this is most conspicuously the case with foodstuffs subject to excises. The rises in prices of salt and other foodstuffs as illustrated in the statements above are but a few out of many instances which verify to what extent the repercussion of such taxation is effected. As regards the prices of other foodstuffs affected by taxation, some similar facts can be noted, and we shall proceed to an inquiry into the effects of those taxes produced on the more important beverages and comestibles of daily consumption, such as *sake*, beer, soy, sugar and rice, with each of which we shall deal in succession.

Effects on the prices of foodstuffs

Chief among the numerous commodities of domestic consumption are foodstuffs, including ordinary beverages, and taxes on their consumption compose the greater part of indirect taxation. The problem of indirect taxes as war levies is, therefore, that of the effects produced upon the prices of foodstuffs by excises upon them. This is why we have to explain in the subsequent pages the relation between *sake*, beer, soy, sugar, and rice, and excises upon them, in order to ascertain the spheres of cause and effect.

[1] Cf. import tariffs after the Russo-Japanese War, Pt. I, chap. v, p. 29; and table no. II, Appendix A, *post*, pp. 168 *et seq.*

SAKE AND SAKE MANUFACTURE TAX

No less than eight times since the Restoration have the taxes on refined *sake* been increased. The six times they have been levied since the Satsuma Rebellion have been due to war and the extension of armaments. The first increase, of 1880, provided the fund to carry out an extension of armaments after the Satsuma Rebellion; the second, of 1896, to provide for a similar extension after the war with China; the third, of 1898, to arrange for a second expansion of arms; the fourth to provide new sinews of war for the Boxer Uprising of 1901; the fifth to meet the requirements of war by means of the Emergency Special Tax Laws (first and second programs) of 1904–5; the sixth to meet increased expenditures of the post-bellum finance of 1908–9. Every increase of the tax on *sake* after each war has been invariably accompanied by a corresponding rise in the price of *sake*, as is convincingly manifested in the following table:

COMPARISON OF INCREASES IN TAX ON SAKE WITH CORRESPONDING RISES IN PRICE

Kind	Period	Rates per *koku*[a]	Prices per *koku*[a]
		Yen	*Yen*
Class 1. Refined *sake*, unrefined *sake*, white *sake*, and *mirin*	1900–1	12.00	30.68
Refined *sake*, unrefined *sake*, white *sake*, and *mirin* containing 20 degrees or less of alcohol; *Shochu* containing 30 degrees or less of alcohol, made from potatoes	1901–2	15.00	31.48
	1902–3	15.00	32.38
	1903–4	15.00	34.30
	1904–5	15.50	35.19
Refined *sake*, unrefined *sake*, white *sake*, and *mirin* containing 20 degrees or less of alcohol; *Shochu* containing 30 degrees or less of alcohol	1905–6	17.00	37.61
	1906–7	17.00	38.85
	1907–8	17.00	41.09
	1908–9	20.00	43.20
	1909–10	20.00	43.49
	1910–11	20.00	39.55
Class 2. *Shochu*, spirits	1900–1	13.00	....
Shochu containing 45 degrees or less of alcohol	1901–2	16.00	....
	1902–3	16.00	....
	1903–4	16.00	....
	1904–5	16.50	....
Shochu, containing 35 degrees or less of alcohol	1905–6	20.00	....
	1906–7	20.00	....
	1907–8	20.00	....
	1908–9	25.00	....
	1909–10	25.00	....
	1910–11	25.00	....

[a] Per *koku* unless otherwise specified.

COMPARISON OF INCREASES IN TAX ON SAKE WITH CORRESPONDING RISES IN PRICE—*Continued*

Kind	Period	Rates per *koku*[a]	Prices per *koku*[a]
		Yen	*Yen*
Class 3. Refined *sake*, unrefined *sake*, white *sake*, and *mirin*, containing 20 degrees or over of alcohol; *Shochu*, containing 45 degrees or over of alcohol	1901–2	.75 per degree of alcohol	....
	1902–3	.75	....
	1903–4	.75	....
	1904–5	.775	....
Shochu, containing 40 degrees or less of alcohol	1905–6	22.00	....
	1906–7	22.00	....
	1907–8	22.00	....
	1908–9	30.00	....
	1909–10	30.00	....
	1910–11	30.00	....
Class 4. *Shochu*, containing 45 degrees or less of alcohol	1905–6	25.00	....
	1906–7	25.00	....
	1907–8	25.00	....
	1908–9	35.00	....
	1909–10	35.00	....
	1910–11	35.00	....
Class 5. Refined *sake*, unrefined *sake*, white *sake*, and *mirin*, containing 20 degrees or over of alcohol; *Shochu* containing 45 degrees or over of alcohol	1905–6	.85 per degree of alcohol	....
	1906–7	.85	....
	1907–8	.85	....
	1908–9	1.00	....
	1909–10	1.00	....
	1910–11	1.00	....

[a] Per *koku* unless otherwise specified.

The foregoing table is evidence of the rise of prices as affected by increased taxation. When the taxes on refined *sake* were imposed at the rate of 12 *yen* per *koku*, its market price stood at 30.68 *yen*, whereas an increase of 3 *yen*, effected by revising the *sake* manufacture tax law in March, 1901, in order to meet part of the expenses for the Boxer Uprising, caused the price of *sake* at once to rise to 31.48 *yen* per *koku*, and subsequently to 34.30 *yen* per *koku* in 1903. This again advanced to 35.19 *yen* through the increase of .50 *yen* by the first war tax program in 1904, and to 37.61 *yen* through an increase of 1.50 *yen* by the second war tax program in 1905. The price at 41.09 *yen* in 1907 rose to 43.20 *yen* through an addition of 3 *yen* by the revised law of 1908. Thus, it may be noted that between 1900 and 1908 the rate was increased by 8 *yen*, whereas the price rose 12.52 *yen* higher, thus exceeding the increase of the tax by 4.52 *yen*. The excess in price advancement is undoubtedly due in some measure to the increased demand for *sake* and to the rise in prices of rice and other commodities in general; to

no less extent is it to be attributed to the fact that the increase of taxation resulted in a reduction of supply. The annual and quinquennial tables of refined *sake* manufacture since 1872, as well as that of the corresponding *sake* tax increase, are given below:

QUANTITY OF REFINED SAKE MANUFACTURED, 1872–1891

Year[a]	Quantity *Koku*	Year[a]	Quantity *Koku*
1872	2,963,378	1892	3,293,216
1873	3,267,532	1893	3,495,573
1874	3,611,714	1894	3,719,193
1875	3,118,876	1895	3,599,547
1877	2,491,794	1896	3,970,289
1878	2,862,416	1897	4,636,114
1879	3,851,781	1898	4,140,169
1880	5,015,227	1899	4,380,687
1881	4,498,441	1900	4,127,666
1882	4,790,681	1901	4,615,068
1883	4,895,898	1902	4,041,139
1884	3,063,281	1903	3,309,312
1885	2,999,210	1904	3,615,046
1886	2,576,783	1905	3,153,402
1887	2,869,050	1906	3,792,561
1888	2,981,110	1907	4,167,721
1889	3,824,331	1908	4,368,977
1890	3,688,330	1909	4,134,968
1891	3,068,018	1910	3,922,057
		1911	3,861,124

[a] In this table the years 1872 to 1875 are computed from January to September. The years 1877 to 1911 are fiscal years as relating to *sake* manufacture, i.e., computed from October to September.

QUINQUENNIAL AVERAGE QUANTITY OF REFINED SAKE MANUFACTURED SINCE 1872

Fiscal period	Average quantity *Koku*	Percentage of increase or decrease
First (1872–76)	3,076,044	
Second (1877–81)	4,203,709	+36.66
Third (1882–86)	3,280,844	—21.95
Fourth (1887–91)	3,371,001	+ 2.75
Fifth (1892–96)	3,884,143	+15.22
Sixth (1897–1901)	4,260,946	+ 9.70
Seventh (1902–6)	3,607,608	—15.33
Eighth (1907–10)	4,071,782	+12.87

INCREASE OF SAKE SALE OR MANUFACTURE TAXES

Fiscal period	Rate of assessment	Remarks
1872–75.....	5 per cent of sales	Enacted by Decree No. 389, July, 1871, the rate being assessed on the sales at 5 *ryo* per 100 *ryo*.
1875–77.....	10 " " " "	Enacted by Decree No. 26, February, 1875, the rate being revised to .01 of the sales.
1878–79.....	1 *yen* per *koku*	Revised by Decree No. 38, September, 1878.
1880–82.....	2 " " "	Revised by Decree No. 40, September, 1880.
1883–95.....	4 " " "	Revised by Decree No. 61, 1882.
1896–98.....	7 " " "	Revised by Law No. 28, 1896.
1899–1900.....	12 " " "	Revised by Law No. 23, 1898.
1901–7.....	15 " " "	Revised by Law No. 7, 1901.
1908–	20 " " "	Revised by Law No. 18, 1908.

A comparison of the two foregoing tables proves that an increase of *sake* taxes amounting to one-tenth of the sales in 1875 resulted in a reduction of the quantity manufactured in the following year, whereas despite a revision in 1878 to raise the rate to 1 *yen* per *koku*, the production in 1879 attained a height almost unparalleled. In 1880 the rate was revised to 2 *yen* per *koku*, and consequently a slight diminution in production followed, though in 1881 and 1882 a gradual increase resulted. A still further advancement of the rate to 4 *yen* in 1885 occasioned a severe falling-off of *sake* manufacture, which, nevertheless, gradually regained its normal productivity by 1890, in spite of two intervening increases of the taxes. In 1901 the tariff applied to *sake* was raised to 15 *yen* per *koku*, and a similar reduction ensued. Thenceforth, *sake* manufacture showed a tendency to increase in quantity until about 1907, when the rates at 20 *yen* per *koku* were put in operation after the fiscal year 1908–9, and the *sake* output tended by degrees to diminish. A perusal of the fluctuations of the *sake* supply in those years should convince the reader of the fact that a reduction in supply is invariably attended by an increase in the manufacture taxes. Considering the fact that *sake* manufacture taxes were mainly levied, as has already been noted, to cover

expenses of wars and armaments, we can understand how far the *sake* prices were affected by those war taxes imposed upon its producer.[1]

BEER AND BEER BREWERY TAX

The beer brewery tax was introduced after the Boxer Uprising of 1900, and increased first by the Emergency Tax Law of 1904–5, and then by a subsequent revision of the law in 1908, which fixed the rate (10 *yen* per *koku*) that is at present in operation. The tax is assessed on the quantity brewed, and, notwithstanding the successive increase of the rates, the quantity brewed shows a gradual increase. On the whole, we have reason to conclude that the effect produced by taxation is inconsiderable. The following table will make this clearer:

TAX ON BREWERIES, 1901–1907

Year	Number of licenses	Number of breweries	Estimated output	Rate of tax	Amount of tax
			Koku	*Yen*	*Yen*
1901.....	23	23	13,434,000	7.00	94,038,000
1902.....	25	25	91,046,000	7.00	637,322,000
1903.....	26	26	93,300,182	7.00	653,101,290
1904.....	22	22	95,046,988	7.50	713,813,115
1905.....	21	22	133,411,000	8.00	1,067,287,000
1906.....	13	13	159,368,000	8.00	1,274,941,000
1907.....	14	14	201,144,000	8.00	1,609,155,000

A reduction since 1906 in the number of both breweries and licenses is due to the amalgamation of the brewery companies then existing. The fusion was accomplished mainly to remedy the disastrous effects of overproduction and competition, and herein no effect of taxation is traceable. In Japan, beer is not yet a beverage of general consumption, and a beer tax is likely to impair but little the economic standing of the people at large.

[1] Cf. Aibara, *Statistics of Production.*

SOY AND THE SOY TAX

The origin of the soy tax is to be traced from a period as remote as that of the Tokugawa Shogunate. In 1875 it was abolished on the ground that soy was an article of daily necessity and not a luxury, but was renewed in 1885 to provide new armaments. Frequent revisions of the law since 1885 and the Emergency Tax Law of 1904–5 raised the rates of the soy tax in rapid succession, as has been pointed out in the preceding pages. The economic effects produced by the soy tax as reintroduced in 1885 can not be ascertained, as the material for its research is deplorably lacking. Putting aside the situation prior to the Sino-Japanese War, we have to consider the soy tax as it has been levied since then, and at the time of the Russo-Japanese War in particular. At the outset, the rates of the soy-manufacture tax since 1893, together with the annual output and wholesale prices of soy, as well as those of the raw materials in the corresponding periods, are shown in the following table:

RATES OF MANUFACTURE, OUTPUT AND PRICES OF SOY, 1893–1905

Year	Rate	Soy output 1,000 *koku*	Soy price per *koku*	Soja beans per *koku*	Wheat price per *koku*	Salt price per *koku*
	Yen		*Yen*	*Yen*	*Yen*	*Yen*
1893	1.00	1,279	8.830	5.470	5.310	1.340
1894	1.00	1,329	9.130	5.670	5.320	1.200
1895	1.00	1,409	9.570	5.870	5.300	1.390
1896	1.00	1,505	10.710	6.420	6.110	2.440
1897	1.00	1,530	13.330	7.920	7.890	3.170
1898	1.00	1,532	14.227	8.780	8.310	3.382
1899	1.00[a] / 2.00	1,855	14.382	8.664	7.382	2.100
1900	2.00	1,572	15.517	7.746	7.189	2.394
1901	2.00	1,723	15.684	7.482	6.861	2.325
1902	2.00	1,767	15.272	7.342	6.887	2.320
1903	2.00	1,763	15.810	8.310	9.270	2.908
1904	2.00 / 2.50	1,858	16.473	10.577	8.345	2.260
1905	2.50	1,762	17.580	10.355	9.553	5.647

[a] After March.

From the foregoing table can be judged the fact that soy prices have advanced from one year to another in proportion to the increase of the tax rates and the rise in prices of raw

materials. In the year 1903–4, prior to the Russo-Japanese War, the price of soy per *koku* stood at 15.81 *yen*, whereas in 1904–5 an increase of the manufacture tax from 2 *yen* to 2.50 *yen* caused a rise in price of 16.47 *yen* per *koku*, and subsequently in the year 1905–6 a rise of 17.58 *yen*, or an advancement of 11 per cent as against the figures before the war. On the other hand, the annual output of soy since 1893 has also exhibited a similar increase from year to year, with the exception of 1900, when it showed a decrease, presumably due to its tariff having been increased from 1 *yen* to 2 *yen* per *koku*; and in 1903–4, namely, one year before the war, 1,763,000 *koku* of soy was manufactured, and in the following year, though the rate was raised for purposes of war, the output, nevertheless, showed an increase. The yield of 1905, however, decreased slightly—1,762,000 *koku* as against 1,858,000 *koku* of the preceding year; but this is not far behind the average yield of the years when the tax was lower, the output being practically the same as before the increase in taxation. In other words, the rise in price of soy can not be accounted for by a shrinkage in its supply, but by an increase in demand. An increase in demand generally involves a corresponding increase in national income, and therefore we have ample reason to believe that Japanese soy consumers suffered nothing from an increase in the tax on soy; nor did its manufacturers feel the effects of the advanced taxation, since the supply increased despite the successive rise in levies. This increase in demand might be due to the increase of population; but a comparison of the progress of population and the domestic consumption of soy shows, as is proved by the following table, that the proportionate increase of soy consumption far surpassed the increase in population in the corresponding period. We may therefore fairly conclude that such an increase in the soy output was unquestionably due to a greater demand for it, in consequence of the general prosperity of the nation.

COMPARISON OF INCREASE IN POPULATION WITH SOY CONSUMPTION

Year	Population	Soy production		
		Total output	Amount of export	Amount of domestic consumption
		In 1,000 *koku*	In 1,000 *koku*	In 1,000 *koku*
1894	41,813,000	1,329	6	1,323
1903	46,732,000	1,763	20	1,743
Rate of increase over 1894	117.6			137.7

The following table, showing the number of manufacturers of soy for domestic use and the tax levied upon them since 1900,[1] again testifies to a tendency of increase. In view of this fact, the above-mentioned increase in the output of soy is not to be attributed to the extension of the manufacture for sale at the cost of the production of soy for the manufacturer's family use, for the latter showed no decrease during the corresponding period.

SOY FOR DOMESTIC USE, 1900–1905

Year	Number of manufacturers	Tax revenue
		Yen
1900	5,500	6,988
1901	17,603	21,144
1902	18,626	22,128
1903	18,232	21,521
1904	1,559,637	793,151
1905	1,643,754	837,488

To sum up, during the intervening decade between the two great wars, the output of soy exhibited a remarkable increase, despite the successive advancements in the tax rate. This increase of output is due to a corresponding increase in demand, originating in the natural development of national prosperity; and the increased taxation on soy can not be held to have retarded its productivity nor lessened its standard of quality. Neither have the increased taxes on soy had any bad effect upon the distribution of the national

[1] Cf. *Shinsa-kai-yoroku*, p. 269.

income, nor consequently upon the economic life of the people.

Just a few words must be added here respecting the relation between the rise in the price of salt and the market price of soy. The revised law of 1900, by which a tax on salt was assessed at the rate of 2 *yen* per *koku*, put the market price of soy in 1901 at 17.40 *yen* per *koku*, whereas an addition of .50 *yen* per *koku* by the first increase program of 1904 raised the price of soy to 19.67 *yen* per *koku*, as against 18.29 *yen* per *koku* of the preceding year. On the other hand, the revised law of 1906, which reduced the rate by .75 *yen* per *koku*, did not bring about any fall in the market price of soy, but, on the contrary, a rise to 22.16 *yen* per *koku*.

TAX ON AND MARKET PRICE OF SOY, 1900–1910

Year	Assessment (rate per *koku*)		Market price
	Refined (Moromi method)	Unrefined (Tamari method)	
	Yen	*Yen*	*Yen*
1900	2.00	2.00	17.41
1901	2.00	2.00	18.20
1902	2.00	2.00	17.20
1903	2.00	2.00	18.29
1904 (Increase)	2.50	2.50	19.67
1905	2.50	2.50	21.76
1906 (Revision)	1.75	1.65	22.16
1907	1.70	1.65	22.60
1908	1.75	1.65	22.75
1909	1.75	1.65	23.30
1910	1.75	1.65	22.17

That such high prices long survived the reduction of the soy tax may be ascribed in some measure to the increased demand, but above all because the price of salt, which is an ingredient of soy, had almost doubled since the operation of the salt monopoly in January, 1905.

SUGAR AND THE SUGAR EXCISE

The sugar excise, as was noted in the preceding part of our research, was introduced in March, 1901, to provide funds wherewith to meet the extraordinary expenses of the Boxer

Uprising in 1900. Since its introduction, it has been increased three times to date, and its increase has been always due to the needs of war. The first increase was carried out by the First Emergency Tax Law of 1904, the second one by the Second Emergency Tax Law of 1905, and the third one was enacted to meet the expansion of government finance after the war with Russia. The relation between the sugar excise and the market price is indicated below. At first sugar was graded into four classes, upon the basis of Dutch standard color, and the tax was assessed per 100 *kin* as follows:

	Yen
Class 1	1.00
Class 2	1.60
Class 3	2.20
Class 4	2.80

Up to 1903, the market prices of Class 3 and Class 4 (Japanese and foreign red sugar and white sugar, respectively) indicated no advancement. In the following year, increased levies of 3.30 *yen* on Class 3 and 3.70 *yen* on Class 4, involved in the first war tax program, raised the prices of Japanese red sugar to 12.10 *yen*, foreign red sugar to 9.84 *yen*, Japanese white sugar to 15.93 *yen*, and foreign white sugar to 14.63 *yen*,—an increase ranging from 2.67 *yen* to 5 *yen* as contrasted with the preceding year. By the second war tax program, of 1905, the excises on Class 3 and Class 4 were each increased 1 *yen*, and sugar prices again tended upward, including those of red sugar, both Japanese and foreign, which had shown a rise less than the increased amount of taxation at the time of the first program would lead us to expect. In 1906 and 1907 sugar prices tended slightly downward, although the tariff remained the same. The revision of 1908, comprising an increase of 2 *yen* on Class 3 and 2.50 *yen* on Class 4, occasioned a gradual rise in 1909, though in smaller measure than in 1907, the advancement in prices falling short of the increased amount of excises. In 1910 the four classes were revised into six, and the excise was curtailed by .50 *yen*, resulting in a slight fall of the market price of sugar.

EXCISE ON AND MARKET PRICE OF SUGAR, 1900–1910[a]

Class	Year	Rate of excise per 100 *kin*	Market price per 100 *kin*			
			Japanese red	Foreign red	Japanese white	Foreign white
		Yen	*Yen*	*Yen*	*Yen*	*Yen*
.....	1900	....	9.30	7.70	12.71	10.02
	1901	1.00	....	....	....	....
	1902	1.00	....	....	....	....
Class 1. Sugar and molasses under No. 8, Dutch Standard..	1903	1.00	....	....	....	....
	1904	2.00	....	....	....	....
	1905	3.00	....	....	....	....
	1906	3.00	....	....	....	....
	1907	3.00	....	....	....	....
	1908	3.00	....	....	....	....
	1909	3.00	....	....	....	....
Under No. 11: A. Black sugar in cask.....	1910	2.00	....	....	....	....
B. Others.....	1910	3.00	....	....	....	....
	1901	1.60	....	....	....	....
	1902	1.60	....	....	....	....
Class 2. Sugar above No. 8 and under No. 15, Dutch Standard.....	1903	1.60	....	....	....	....
	1904	4.60	....	....	....	....
		3.90[b]	....	....	....	....
	1905	4.40	....	....	....	....
	1906	4.40	....	....	....	....
	1907	4.40	....	....	....	....
	1908	5.50	....	....	....	....
	1909	5.50	....	....	....	....
Under No. 15....	1910	5.00	....	....	....	....
	1901	2.20	9.37	8.12	....	....
	1902	2.20	9.45	7.59	....	....
Class 3. Sugar and syrup above No. 15 and under No. 20, Dutch Standard...	1903	2.20	9.07	7.59	....	....
	1904	5.50	12.10	9.84	....	....
	1905	6.50	13.90	11.65	....	....
	1906	6.50	11.96	10.46	....	....
	1907	6.50	12.01	10.94	....	....
	1908	8.50	13.27	11.32	....	....
	1909	8.50	12.93	12.48	....	....
Under No. 18....	1910	7.00	12.49	12.40	....	....
	1901	2.80	....	....	12.47	10.76
	1902	2.80	....	....	12.28	10.46
Class 4. Sugar and syrup above No. 20, Dutch Standard.	1903	2.80	....	....	12.70	10.91
	1904	6.50	....	....	15.93	14.63
	1905	7.50	....	....	17.98	16.58
	1906	7.50	....	....	17.12	15.99
	1907	7.50	....	....	16.25	16.09
	1908	10.00	....	....	17.57	17.41
	1909	10.00	....	....	17.12	18.09
Under No. 21....	1910	8.00	....	....	17.27	18.56
Class 5. Above No. 21.....	1910	9.00	....	....	17.27	18.56
Class 6. Sugar candy, lump sugar, loaf sugar, etc.....	1910	10.00	....	....	....	....

[a] The market prices of sugar are taken from statistics prepared by the Department of Agriculture and Commerce.

[b] Represents a decrease of .70 *yen* since October.

The foregoing table shows the relation between the sugar price and sugar excise since the establishment of the latter. A comparison between the thirty-third year of Meiji (1900) and the thirty-fourth year of Meiji (1901) indicates that the excises imposed on Class 3 and Class 4, which include red and white sugar, amounted to from 7 *yen* to 9 *yen*, whereas the rise of sugar prices ranged from only 3.46 *yen* to 4.70 *yen*, with the exception of foreign white sugar, which rose to 8.54 *yen*. Thus, the burden transferred to the consumers is about half the amount of the excise.

That the shifting of the sugar excise was thus limited, and went no further, was due partly to the increase of its importation after the war and partly to the rise in sugar prices caused by the taxation, which in no small measure reduced the consumption. The per capita consumption of sugar in this country was put at about 8 *kin* at the time of the Chinese War of 1895, and it gradually ascended to 13 *kin* at the time of the Boxer Uprising of 1901. The enactment of the sugar excise law in the same year immediately tended to a shrinkage in sugar consumption, and in 1902 it dropped to 9 *kin* per capita.

It subsequently advanced to 11 *kin* in 1904, but the increase of the rate in the same year again led to an abrupt fall in its consumption, which averaged 7 *kin* in 1905 and since has been ranging at approximately 9.7 *kin*. The sugar consumption in the intervening years is given below:

Year	Total consumption	Per capita consumption
	Kin	*Kin*
1902	412,493,898	9.01
1903	515,840,166	11.07
1904	544,839,255	11.54
1905	342,180,648	7.13
1906	481,175,327	9.93
1907	475,218,387	9.68
1908	483,173,228	9.72

Such a diminution in consumption, other things being equal, necessarily compels the producers to bear part of the excise burden, while the production is tending to further shrinkage. As regards the conditions of sugar production

and trade in this country, we have on hand the records of the sugar cane crop since 1878 and those of sugar production since 1887. In the latter year the production stood at 60,000,000 *kin*, whereas the recent returns for 1911 reported it to be a little more than 114,000,000 *kin*, or twice as much as it had been 24 years before. Moreover, the sugar import which amounted in 1879 approximately to 1,323,000 *kin*, increased in 1911 to 131,450,000 *kin;* its export, which did not exist in 1879, amounted to 477,000 *kin* in 1902 and to 76,820,000 in 1911. Besides, there have to be added the imports from Formosa of 395,800,000 *kin* in the latter year, and the exports to Formosa from Japan, amounting to 2,800,000 *kin*, as well as similar exports of 14,030,000 *kin* to Korea.

The main features of sugar production, including imports and exports, are given below. Attention is directed to the fact that the sugar output in 1900, prior to the introduction of the sugar excise, stood at 109,854,481 *kin*, while it abruptly diminished with the establishment of the excise in 1901 to 85,075,275 *kin*, and kept on diminishing in 1906, until it dropped to 83,284,303 *kin* in 1907.

SUGAR CROP AND SUGAR PRODUCTION, 1878–1911[a]

Year	Cultivated area	Crop	Average yield per *cho*	Sugar production
	Cho	*Kwan*	*Kwan*	*Kin*
1878	....	74,248,189	....	....
1882	....	96,965,220	....	....
1887	16,677.9	115,546,829	693	60,730,144
1892	....	....	....	67,007,325
1897	....	....	....	83,736,706
1898	....	....	....	93,931,919
1899	....	....	....	106,761,644
1900	....	....	....	109,854,481
1901	....	....	....	85,075,275
1905	18,908.5	205,902,878	1,089	....
1906	17,516.2	175,693,773	1,003	84,787,497
1907	17,698.6	159,222,003	900	83,284,303
1908	17,283.2	171,016,778	989	89,990,523
1909	21,365.6	188,184,905	881	98,024,518
1910	20,062.0	219,870,982	1,096	109,547,141
1911	21,280.8	229,179,482	1,077	114,600,675

[a] The sugar production since 1906 refers to the annual output for the corresponding fiscal year.

The above record shows most significantly that the reduction of sugar production in the closing decade of Meiji must be ascribed to the rise in the price of sugar, brought about by the introduction of this excise, and subsequently its increase by the Emergency Tax Law, which in turn caused a lessened demand.

RICE AND RICE IMPORT DUTY

In the preceding pages we observed the relation between the taxes upon foodstuffs and other staple commodities on the one hand and their prices as affected by the taxation on the other. The problem before us now is the relation between the price of rice, the most important article of Japanese diet, and its import duty.

A few words on the history of Japanese customs duties may not be inappropriate in this connection. Their origin dates back to 1853, when the American squadron came to Uraga to demand the opening of the country to commerce. The treaties concluded in the first year of Meiji (1868) with various foreign countries remained substantially the same as the treaty with America, which was taken as a model. Thus, it may be seen that the Japanese customs duties began with the conventional tariffs, and not until March, 1897, namely, a few years after the Sino-Japanese War, were there any statutory tariffs put in operation. The customs tariffs then in force were of a multiple system, consisting of the conventional tariffs with 85 major items (with 144 minor divisions) of dutiable articles based upon the treaties and their supplements, and the statutory tariffs enacted by the Import Tariffs, annexed to the Customs Tariff Law. By this new legislation, grains and manures were exempt from taxation, as were also imported cotton and wool. By the first Emergency Special Tax Law of 1904, a 5 per cent ad valorem duty was introduced on grains and articles of food (wheat, barley, beans and peas, corn, sesame, wheat flour, etc.) to keep pace with the increased internal land tax. By the second Emergency Special Tax Law of 1905, the above im-

port duty was increased to 15 per cent, while a 10 per cent ad valorem duty was made operative on and after July 1, 1905, on imported rice and paddy. This is the origin of our rice import duty. The reasons the government gave for introducing the rice import duty were purely economical. It is true that an import duty on grains, whether created or increased, does in some measure enhance their prices; also, an increased internal tax on arable land doubtless raises the prices of domestic grains. Thus, the import duty on rice is justified, because it equalizes the burden of taxation, provided the duty is not too heavy to allow of importation. The government anticipated that an increase of the land tax would naturally raise the price of domestic rice, and thus pass on part of the burden to the consumers, and the necessary balance was maintained by introducing a customs duty on imported rice, thus raising its price to a corresponding extent. As the emergency taxation long survived the restoration of peace in October, 1905, the import duty on rice was made permanent. In 1909 the almost unprecedented abundant harvest of the preceding year brought on a sudden decline in the rice price, whereupon the members of the Diet in favor of the protective tariff announced in the twenty-fifth session a manifesto to raise the protective tariff for the sake of the peasantry, proposing a twofold increase of the former rate. This manifesto was approved by the Lower House, but the House of Peers proved refractory, and the proposal fell through. In the twenty-sixth session, however, the government submitted to the Diet for approval a proposal introducing a slight modification in the existing customs tariff on the ground that the period for treaty revision was drawing near. The Lower House, considering the government proposal too mild, revised it along the lines of a still heavier increase; but the Upper House, not in favor of the revision of the Commons, wished for the renewal of the original government proposal. In a conference of the two Houses an agreement was sought, at which the revision of the Lower House was passed, a provision being added to the effect

that the import duty on rice and paddy might be reduced to the limit of .40 *yen* per *kin* by an Imperial ordinance in case the harvest was poor. From this resulted the present import tariff on foodstuffs. The following table shows a comparison of the former and present duties on grains:

Item	Former rates of duty *Yen* per 100 *kin*	Present rates of duty *Yen* per 100 *kin*
Rice and paddy	0.64	1.00
Barley	0.45	0.55
Wheat	0.57	0.77
Wheat flour	1.45	1.85

Thus, it may be seen that the rates on rice and paddy were nearly doubled, the new rates to be enforced in July, 1911. A glance at the comparison between the index numbers of rice prices and those of general prices since the Sino-Japanese War will indicate that from 1902 to 1910 rice was lower than other staple commodities,[1] whereas in 1911 the tables were turned and the course of events thenceforth was directly reversed, as is exhibited below:

RATIO OF PRICES OF RICE TO GENERAL PRICES, 1902–1912[a]

Year	Index number of rice prices	Index number of general prices	Difference
1902	100	100	....
1903	114	109	+ 5
1904	108	118	—10
1905	102	127	—25
1906	115	130	—15
1907	125	135	—10
1908	124	132	— 8
1909	102	130	—28
1910	103	132	—29
1911	146	136	+10
1912	165	141	+24

[a] Prepared by the Bank of Japan, selecting 66 sorts of staple commodities as contrasted with rice.

The following table, here inserted for comparison, shows the actual prices of rice since 1901. In 1903, when rice was a free article, its price stood at 14 *yen* per *koku*, which declined to 13 *yen* when the new law of 1904 levied an ad valorem duty. In 1905, when the rate was increased, the price fell, on the contrary, to 12.50 *yen* per *koku*.

[1] This does not deny the fact that the prices in January, 1887, regarded as 100, the ratio of increase in rice prices invariably went ahead of that of general prices.

MARKET PRICES OF RICE, 1901–1910[a]

Year	Tokyo	Osaka	Sendai	Niigata	Shimonoseki	Kumamoto	Average
	Yen	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*
1901....	12.30	11.72	11.14	10.72	11.62	11.49	11.50
1902....	12.66	12.28	12.12	11.46	11.98	11.68	12.03
1903....	14.42	13.93	14.61	13.35	13.66	13.44	13.90
1904....	13.21	13.39	13.75	11.75	13.20	12.79	13.02
1905....	12.85	12.49	12.58	11.70	12.71	12.44	12.46
1906....	14.72	14.15	14.23	13.36	14.22	14.02	14.12
1907....	16.48	15.43	15.16	15.08	16.11	16.09	15.73
1908....	15.94	15.25	15.06	14.80	15.26	15.00	15.22
1909....	13.14	12.50	12.51	12.40	12.81	12.53	12.65
1910....	13.27	12.70	12.95	12.48	12.61	11.20	12.54

[a] Per *koku*

This decline in rice prices was due to the abundant domestic harvest of rice as well as to the increase in the importation of foreign rice, anticipatory to the war. The conditions of rice importation since 1901 are exhibited in the following table. As shown here, the quantity of imported rice amounted in 1902 to something like 1,800,000 *koku*, which increased to 4,900,000 *koku* in the following fiscal year and to 5,800,000 *koku* in the year 1904–5; a slight fall to 4,600,000 *koku* is recorded for the year 1905–6; other more serious retrenchments are noticeable since 1906–7, especially noteworthy being the abrupt fall to 1,320,000 *koku* for 1909–10 and to 920,000 *koku* for 1910–11.[1]

IMPORT AND EXPORT OF RICE, 1901–1910

Year	Import			Export		
	Quantity	Value	Price per *koku*	Quantity	Value	Price per *koku*
	Koku	*Yen*	*Yen*	*Koku*	*Yen*	*Yen*
1901.....	1,244,775	11,878,958	9.54	520,617	6,908,913	13.27
1902.....	1,803,629	17,750,817	9.84	507,695	6,679,544	13.16
1903.....	4,864,962	51,960,272	10.68	328,974	4,959,880	15.08
1904.....	5,892,714	59,791,911	10.15	308,439	4,724,860	15.32
1905.....	4,638,365	47,981,265	10.34	208,074	3,126,989	15.03
1906.....	2,440,434	26,172,079	10.72	224,463	3,687,083	16.43
1907.....	2,708,106	30,931,058	11.42	201,115	3,664,344	18.22
1908.....	1,941,417	22,688,539	11.69	216,035	3,910,243	18.10
1909.....	1,325,243	13,585,817	10.25	402,393	5,867,290	14.58
1910.....	918,627	8,644,439	9.41	408,810	5,900,477	14.43

[1] For conditions since the first year of Meiji, refer to table no. IV, Appendix A, *post*, p. 191.

In view of the foregoing record, we have reason to conclude that the rice import duty of .64 *yen* per 100 *kin* imposed by the emergency measure had nothing to do with the rise in the market prices of rice, while, on the contrary, the protective tariff on imported rice, enacted in 1911, really influenced in no small measure a rise in its prices.

Effects on prices of raw materials

In the preceding section we have pointed out to what extent the war taxes affected the prices of foodstuffs. We shall now proceed to a study of their effects on the prices of raw materials. By raw materials are meant those commodities coming for the most part under Class 3 mentioned earlier in this chapter. As stated in that connection, the main current of rising prices in the closing decade of the Meiji Era holds no less true with the goods of Class 3 than with the two remaining groups, although the price advancement of raw materials falls to a considerable extent below that of the articles of food. The leading features of the fluctuation in prices of raw materials since 1901 are given below. The reader will perceive that the average index number of 25 commodities, from whipped cotton to wood, shows, as contrasted with July, 1901, an increase of 6 per cent in October, 1903; of 13.5 per cent in October, 1905; of 19.2 per cent in October, 1906; of 26.7 per cent in October, 1907. Since 1907, the advancement showed a slight retrogression, and in May, 1908, the index number stood at an increase of 16.8 per cent as against 1901.

That the rise in the prices of raw materials in this country fell to a degree far below that of foodstuffs must be attributed to the fact that the former consist mostly of such imports as are exempt from duties, only a few of them being produced at home. Grouping the raw materials in the table below into home and foreign products, we can make a comparison of the specific price advancement of those two groups. Rise in the prices of such imported articles as cotton, dyes, iron, nails, and soda is not very heavy, as contrasted with that of

PERCENTAGE OF FLUCTUATION IN PRICES OF RAW MATERIALS, 1901–1908

Commodities	1901	1903	1905	1906	1907	1908
Whipped cotton	100	104.4	107.7	114.4	123.0	116.6
Firewood	100	116.7	125.2	141.7	139.5	144.9
Charcoal	100	100.0	110.1	112.1	129.5	137.6
Coal	100	85.5	162.2	136.1	135.5	126.6
Lees	100	124.8	134.8	125.3	141.1	161.9
Herring refuse	100	106.7	136.3	138.7	163.3	136.5
Indian indigo	100	105.8	85.7	94.9	97.8	94.9
Aniline dyes	100	95.5	103.0	101.4	105.9	105.9
Ginned cotton	100	101.7	101.7	110.0	111.5	104.2
Chinese cotton	100	110.0	96.9	116.6	115.7	96.9
American cotton	100	113.1	117.5	122.6	136.6	117.1
Indian cotton	100	107.8	114.7	121.5	124.5	110.4
Steel	100	92.4	122.8	149.6	121.5	96.3
Iron	100	78.1	82.0	90.7	91.2	78.5
Copper	100	97.7	127.7	150.0	152.2	150.0
Lead	100	87.2	114.2	143.9	141.3	121.6
Nails	100	86.1	100.0	109.5	129.0	107.1
Cement	100	90.3	83.2	92.9	118.0	108.4
Leather	100	100.0	111.5	107.7	106.1	107.7
Indian leather	100	105.6	132.1	137.7	132.0	133.9
Lacquer juice	100	113.3	108.6	117.5	122.9	124.0
Vegetable wax	100	241.1	145.1	151.8	164.5	129.7
Soda	100	93.3	113.3	111.3	112.2	110.3
Sulphur	100	105.8	100.6	94.8	96.6	104.8
Wood { *Chamaecyparis obtus*	100	85.5	116.6	100.0	113.7	110.0
Wood { *Cryptomeria*	100	80.4	100.0	100.0	111.2	115.4
Average	100	106.1	113.5	119.2	126.7	116.8

such home products as firewood, coal, herring refuse, lacquer juice, vegetable wax, and wood. The extraordinary fall in the prices of copper, iron, steel, leather, and cotton is no doubt due to the fluctuations of the international market, to which such articles are economically subject. The emergency tax legislation refrained as a rule from hitting imported raw materials, and therefore they have little if any connection with war taxes.[1]

Effects on prices of manufactures

In the preceding pages we have seen that no special effect was produced upon the prices of raw material by the war taxes. We shall now proceed to consider the effects of war taxes upon the prices of manufactures. Manufactures, as a rule, tend to fall in prices as the general economic develop-

[1] Cf. Pt. I, chap. IV, and table no. II, Appendix A, *post*, pp. 162 *et seq.*

ment advances. Take, as an illustration the case of plate glass. Since 1901 its price in this country has shown repeated reductions. Heavy falls in the prices of such articles as cotton yarn, silk thread, or floss silk are influenced similarly by falls in the prices of raw materials. However, a few articles form exceptions to this general rule. For instance, petroleum rose 44 per cent between 1901 and 1908, while cotton and silk fabrics advanced in the same period 23 per cent and 11 per cent, respectively, chiefly due to the increased taxes at the time of the Russo-Japanese War. The price movements of the more important manufactures between 1901 and 1908 are given below:

PRICE MOVEMENTS OF MANUFACTURES, 1901–1908

Manufactures	1901	1903	1905	1906	1907	1908
Petroleum	100	110.3	124.5	125.8	134.3	144.5
Cotton yarn (No. 16)	100	106.3	131.2	133.2	129.4	104.7
" " (No. 20)	100	108.6	133.3	134.8	131.8	108.7
Calico	100	107.2	141.9	130.7	136.2	127.6
Cotton	100	96.4	123.2	139.9	152.9	123.5
Matting	100	84.7	120.0	159.0	157.0	128.5
Plate glass	100	69.2	99.1	72.4	74.2	66.8
Floss silk	100	103.5	98.8	112.2	136.3	119.6
Silk fabric	100	111.6	119.0	131.6	145.0	111.1
Silk lining cloth	100	115.3	98.3	110.0	111.7	95.0
Average	100	101.2	111.9	125.4	133.7	112.0

Of the various items in the above table, textile fabrics and petroleum furnished the Treasury with taxable objects to meet war expenses, and they are to be reviewed more minutely later on.

TEXTILES AND THE TEXTILE EXCISE

The textile excise in Japan began with a 15 per cent ad valorem duty on woolen fabrics, enacted by Law No. 3, 1904, viz., the first Emergency Special Tax Law. The revision of this law in the next year introduced another 10 per cent ad valorem duty on textiles exclusive of woolen fabrics. Law No. 7, of March, 1910, consolidated the existing laws by making the textile excise independent of the other emergency imposts.

The relations between the market prices and the tariffs of the textile fabrics, before and after the increased taxation, are exhibited below:

RELATION BETWEEN MARKET PRICES OF AND TARIFF ON TEXTILES

Year	Rate of excise	Market prices			Remarks
		Bleached cotton per *tan*	Bleached calico per roll	Deep blue silk per *tan*	
	Per cent	*Yen*	*Yen*	*Yen*	
1900.....	....	.37	4.06	3.87	
1901.....	....	.38	3.96	3.53	
1902.....	....	.38	4.08	3.24	
1903.....	....	.36	4.11	3.49	
1904.....	15	.41	5.05	3.27	Created by the emergency tax law (woolen fabrics only)
1905.....	15 (woolen fabrics) 10 (other fabrics)	.47	5.64	3.77	Revised (inclusive of woolen and other fabrics)
1906.....	"	.46	5.20	3.94	"
1907.....	"	.47	5.41	4.43	"
1908.....	"	.44	5.61	4.14	"
1909.....	"	.44	5.41	3.82	"
1910.....	10	.45	5.67	4.60	Revised, irrespective of the manufacture (woolen or other fabrics)

Thus, it may be seen from the above table, that in 1904 bleached cotton stood at .41 *yen* per *tan*, bleached calico at 5.05 *yen* per roll, and deep blue silk at 3.27 *yen* per *tan*, whereas the excises upon these fabrics raised the prices more than 10 per cent, viz., .47 *yen*, 5.64 *yen* and 3.77 *yen*, respectively. Such rises in the price of textiles necessarily brought about a corresponding decline in demand, and consequently the output of textile fabrics in this country has greatly fallen off.

To confirm this fact, a comparison of the textile output in 1904, when the textile excise was introduced, with that of 1907 is given as follows:

	1904 *Yen*	1907 *Yen*	Difference *Yen*
Silk cloth	43,959,366	31,639,187	—12,320,179
Cotton cloth	47,144,445	19,344,097	—27,800,348
Others	1,408,632	14,625,685	+13,217,053
Total	92,512,443	65,608,969	—26,903,474

Such a decline in value is strong evidence of the decrease in textile output, especially in view of the fact that the prices went up during the intervening years.

Besides this textile excise, there was another thing which proved a serious check on the production of textile fabrics. As the tax law was enforced strictly to the letter, large scale mills or factories organized into companies found no opportunity for the evasion of the excise, whereas the producers employing hand machines scattered about in the country, where the collector's supervision was less rigid, could easily keep on evading their levies. Moreover, as will be stated later, the tax which enhanced the market prices of textile fabrics recalled to life the use of the almost forgotten domestic hand machines, of which only a few remained. Part of the native textile industries, carried on until then on a large scale, were broken down, being unable to meet the hardships of competition, while some others were either prevented from coming into being or had their development retarded by such legislation, and many of the smaller producers who were too respectable and honest to evade the excise had to retire from their trade. On the other hand, the above law provided for refunding the drawbacks on exported textile fabrics in order to stimulate the export trade, but this proceeding failed to accomplish what was anticipated, in that several difficulties presented themselves and frequent revisions in the formalities were necessitated. The government at last made such textile fabrics as were intended for export subject to the sanction of revenue officials, who were to inspect them at the place of export. These officials might at any time have full liberty to inspect or examine the account books of the manufacturers. Thus, the procedure required in the export of textiles erred on the side of severity

and naturally hampered their export trade in a great measure, while the import of textiles increased in spite of all expectations to the contrary.

PETROLEUM AND THE PETROLEUM EXCISE

The petroleum excise was levied at the rate of 3.2 *sen* per gallon by the Emergency Special Tax Law of 1904. It was subsequently abolished by the revision of the law in 1905, but was soon revived by Law No. 21, of 1908, when the petroleum excise bill was submitted to the twenty-fourth session of the Diet for approval and was sanctioned, since the Treasury was in urgent need of revenue owing to the enlargment of the government expenditure after the war. The excise was assessed (Art. 2) at the rate of 1 *yen* per *koku*.

The relationship between the rates and the market price since the introduction of the excise is shown as follows:

RATIO OF TAXES ON PETROLEUM TO MARKET PRICES, 1900–1910

Year	Rate of excise	Market price per *to*	Remarks
	Yen	*Yen*	
1900	....	3.44	....
1901	....	2.86	....
1902	....	2.62	....
1903	....	2.93	....
1904	.032 per gallon	3.33	Introduced as an emergency tax up to September.
1905	....	3.29	....
1906	....	3.42	....
1907	....	3.70	....
1908	1 per *koku*	3.94	Renewed
1909	" " "	3.85	"
1910	" " "	3.85	"

The market price of petroleum, which cost 2.90 *yen* per *to* in 1903, rose to 3.30 *yen* per *to* in 1904, an increase of .40 *yen*. This advancement was not due wholly to the new taxation, but was doubtless incidental to it. The renewal of the excise in 1908 occasioned a second rise in the price of petroleum, the rate per *to* going up from 3.70 *yen* to 3.94 *yen*, as shown in the above table.

The output of petroleum in this country is negligible. The normal annual yield in the closing decade of Meiji amounted to 1,353,233 *koku*, but the quantity manufactured stood only at 379,222 *koku*. On the other hand, the normal annual consumption of petroleum during the same period was estimated at 2,069,532 *koku*, of which merely one-fifth was covered by the domestic output, while the remaining four-fifths had to be imported from abroad, the annual import during the last ten years approximately averaging 1,682,766 *koku*. Under the circumstances, the petroleum excise in this country was imposed chiefly with a view to keeping pace with the customs duty levied upon imported petroleum.[1]

So far, the taxes mainly influenced imported rather than domestic petroleum. Below is given a table stating the output, manufacture, and importation of petroleum since 1897:

OUTPUT, MANUFACTURE AND IMPORT OF PETROLEUM, 1897–1911

Year	Output	Manufacture[a]	Import
	Koku	*Koku*	*Gallon*
1897	231,221	26,300	61,058,218
1898	280,742	18,063	67,905,455
1899	474,686	33,984	52,421,837
1900	767,508	52,323	67,842,324
1901	983,799	80,856	68,996,392
1902	877,837	183,529	75,480,154
1903	1,065,116	333,346	59,780,206
1904	1,073,640	345,985	81,671,801
1905	1,187,136	502,947	58,703,309
1906	1,378,397	774,724	59,429,008
1907	1,513,994	716,306	70,165,626
1908	1,641,563	....	72,207,833
1909	1,657,036	....	57,426,916
1910	1,608,016	403,305	68,968,131
1911	1,529,593	398,902	63,667,271

[a] From 1897–1907 inclusive, the quantity given is the amount sold of manufactured petroleum.

Taking into consideration the trade balance, the annual domestic consumption of petroleum was put at 1,986,981 *koku* in the fiscal year 1911–12, a decrease of 881,443 *koku* as against

[1] According to the official report of the settled account for the fiscal year 1911–12, the total receipts of petroleum taxes amounted to 1,925,502 *yen*, of which 1,319,682 *yen* was the duty on imported petroleum, while the excise on the domestic output amounted only to 605,822 *yen*.

2,468,424 *koku* in 1907. The consumption per one hundred persons fell from 5.14 *koku* to 3.89 *koku*, or a reduction of 1.25 *koku*, viz., 25 per cent. This was due not only to the fact that in recent years gas and electricity have gradually superseded the use of petroleum for lighting purposes in towns and cities, but chiefly to the reduction of demand occasioned by the rise in the price of petroleum. But the demand for petroleum as fuel in oil engines and for similar purposes has of late so increased that it has naturally cancelled to some extent the effect of the gradual disuse of petroleum for lighting purposes, so that, on the whole, the quantity, whether yielded at home or imported from abroad, has not been affected by the taxation in any considerable degree.

Summary

In the preceding pages we have briefly stated the leading effects produced by war taxes as levied subsequent to the war with China in the form of excises and customs duties. Prior to that war, such imposts had been of small consequence and their economic influence quite insignificant. The war taxes since the Sino-Japanese War affected the prices of nearly every kind of taxable commodity, whether foodstuffs, raw products, or manufactured articles, and this was especially the case with the taxes imposed immediately after the Russo-Japanese War. Among these commodities food products held first place in the scale of increased prices, manufactured articles coming next, while the rise in price of raw products was least noticeable. In the following table are reproduced the figures showing the rise in prices of taxed products and manufactures from the end of the year 1903 to that of 1908, and in order to compare the conditions before the Russo-Japanese War with those after it, the average percentage of the rise is also given. The reader may perceive from the table that, on the average, foodstuffs, including rice and sixteen other items, rose 30.6 per cent; manufactured articles, including petroleum and ten other items, increased 16.4 per cent; while raw products, including whipped cotton and twenty-five other items, rose 6 per cent.

RISE IN PRICES OF TAXED PRODUCTS AND MANUFACTURES, 1903–1908

Products and manufactures	December, 1903	December, 1908	Increase or decrease
Food:	*Yen*	*Yen*	*Yen*
Rice	96.7	112.9	16.2
Bean paste (*miso*)	135.1	151.5	16.4
Soy	92.3	115.4	23.1
Takuwan (pickled radish)	128.8	142.2	13.4
Ako salt	116.1	293.7	177.6
Chinese white beans	118.2	103.6	14.6[a]
Red beans	142.4	134.9	7.5[a]
Wheat flour	115.8	142.9	27.1
Sugar	102.0	163.9	61.9
Tea	134.6	169.3	34.7
Dried bonito	142.2	180.7	38.5
Shijtake (Cortinellus)	123.3	132.7	9.4
Refined *sake* Excellent	102.7	129.4	26.7
Refined *sake* Superior	104.2	134.0	29.8
Refined *sake* Common	80.7	82.8	2.1
Eggs	88.0	101.2	13.2
Average	116.5	147.1	30.6
Raw Products:	*Yen*	*Yen*	*Yen*
Whipped cotton	104.1	113.2	9.1
Firewood	116.7	140.0	23.3
Charcoal	100.0	146.6	46.6
Coal	83.3	131.1	47.8
Lees	109.0	107.0	2.0[a]
Herring refuse	109.5	120.8	11.3
Indian indigo	94.7	97.8	3.1
Aniline dyes	90.5	105.9	15.4
Ginned cotton	104.5	93.0	11.5[a]
Chinese cotton	109.1	92.2	16.9
Copper	97.7	150.0	52.3
Lead	87.4	101.9	14.5
Nails	83.7	95.7	12.0
Cement	89.5	100.6	11.1
Leather (imported elephant's skin)	102.5	106.1	3.6
Indian leather	108.7	132.7	24.0
Lacquer juice	113.5	132.6	19.1
Vegetable wax	238.3	129.7	108.6[a]
Soda	84.8	99.0	14.2
Sulphur	102.7	98.6	4.1[a]
American cotton	129.1	108.2	20.9[a]
Indian cotton	141.8	110.2	31.6[a]
Copper	92.1	103.6	11.5
Iron	77.1	75.3	1.8[a]
Wood *Chamaecyparis obtusa*	85.5	150.0	64.5
Wood *Cryptomeria*	80.4	123.0	42.6
Average	106.5	113.1	6.6

[a] Decrease.

RISE IN PRICES OF TAXED PRODUCTS AND MANUFACTURES 1903–1908—*Cont.*

Products and manufactures	December, 1903	December, 1908	Increase or decrease
Manufactured articles:	*Yen*	*Yen*	*Yen*
Petroleum	116.6	141.8	25.2
Cotton yarn (No. 16)	109.6	112.2	2.6
" " (No. 20)	111.4	112.2	0.8
Shirting	109.6	135.7	26.1
Cotton cloth	96.9	125.5	28.6
Matting	80.0	131.4	51.4
Plate glass	69.0	80.1	11.1
Floss silk	100.0	117.2	17.2
Silk thread	109.9	109.9	....
Silk fabric	115.5	133.3	17.8
Silk lining cloth	116.6	98.0	18.6[a]
Average	102.4	118.8	16.4

[a] Decrease.

It is true that such a rise in prices is not to be ascribed to war taxation alone, but also to the social and economic conditions of the time. Nevertheless, as the following table, quoted from the investigation by the *Toyo Keizai Shimpo* (Oriental Economic Journal), shows, war levies, especially those of the Russo-Japanese War, were paramount in bringing on the immense upheaval of general prices in recent years. As is clear from the list, foodstuffs, raw products, and manufactured articles are all grouped into two classes, according to whether they were influenced by war taxes or not, the fluctuations in the market prices of each class being shown. There was an average rise of 36 per cent in the general prices in the closing decade of Meiji (1902–12), while those commodities comparatively independent of the influences of war taxation, including tea and twenty-four other articles, showed an increase of 23 per cent, whereas commodities that were most closely connected with war imposts, including bean paste (*miso*) and nineteen other similar articles, averaged an increase of 50 per cent. It is not only difficult but almost impossible to ascertain exactly to what extent such a rise is due to war taxation and to what extent assignable to other causes.

PRICES OF COMMODITIES AS AFFECTED BY TAXATION*

(1) *Commodities more closely connected with war taxes*

Bean paste (*miso*)	178.5	Indian indigo	105.8
Soy	107.1	Aniline dyes	105.8
Pickles	217.7	Steel	154.0
Salt	277.1	Nails	103.8
Soy beans	149.8	Leather	120.7
Red beans	159.7	Raw silk	132.2
Wheat flour	145.0	Petroleum	138.6
Sugar	199.2	Glass	149.4
Refined *sake*	141.3	Shirting	142.7
Eggs	143.0	Rice	144.4

(2) *Commodities less connected with war taxes*

Tea	220.0	Lead	109.1
Dried *bonito*	170.1	Cement	90.9
Shijtake	154.8	Vegetable wax	118.9
Whipped cotton	149.1	Soda	87.7
Firewood	134.1	Sulphur	102.7
Charcoal	157.2	Wood	120.0
Coal	118.9	Matting	117.0
Lees	131.0	Plate glass	80.5
Herring refuse	138.0	Floss silk	107.0
Ginned cotton	139.9	Cotton yarn	101.0
American cotton	152.9	Silk fabric	127.5
Copper	93.5	Silk cloth	127.5
Iron	84.1		

* Average index number for (1) and (2), 136.8.

EFFECTS OF TAXES ON ACTS AS WAR TAXES

We have succinctly stated in the preceding pages the effects of indirect taxes, notably those of excises and customs duties, upon the quantity and efficiency of the production of the taxed objects. We shall now pass on to the influence of the taxes on acts as war taxes. The taxes on acts that can be regarded as war taxes in the existing system of Japanese taxation were all created by the Emergency Special Tax Law of 1904–5 at the time of the Russo-Japanese War. They were of four kinds: registration duty, stamp duty, exchange tax, and traveling or transit tax. Thus, the economic effects of these taxes refer to the period since the Russo-Japanese War.

Registration duty

The registration duty presents many important problems worthy of study, since its scope extends over a vast area of economic activities. Especially worthy of note is the case of the amalgamation of private corporations or the transfer of

corporate property in case of the reorganization of a corporation. Industrial combinations are of recent origin in this country as late as the Russo-Japanese War and so far have not made much progress. The registration duty, however, did not deal a blow upon such forms of industrial enterprises, for no change due to the introduction of the duty was noticeable. The registration duty, on the whole, did not prove a serious impediment to economic progress.[1]

Stamp duty

The stamp duty, after frequent revisions since 1873, was increased at the time of the Russo-Japanese War. The rate was mentioned in Chapter IV, Part I,[2] of the present treatise. The effects produced by the stamp duty, as investigated by the Commission of Inquiry into the Tax Laws, generally have been no hindrance to the trade transactions of the community. Even the necessity of raising the rate on promissory notes, for instance, was recognized. But the new duty on checks, which had hitherto been exempt, hampered dealing in checks, thus giving rise to transactions in cash and necessitating an increased circulation of national currency. The proof is afforded by the returns of the clearing houses respecting the amount of their business in checks before and after the introduction of the duty on checks. The records from 1903 to 1905 concerning the number of checks and the amount cleared, as well as the average value per check cleared, prepared by the six clearing houses of Tokyo, Osaka, Kyoto, Yokohama, Kobe, and Nagoya, show that in 1903, viz., one year before the duty on checks was introduced, the amount of checks cleared stood at 3,795,686 *yen*, while in 1904, when the duty was created, it amounted to 4,571,503 *yen*, and in 1905 it advanced to 6,003,307 *yen*, an excess of 2,207,686 *yen* over 1903. On the other hand, the number of checks cleared ranged from 5,585,982 in 1903 to 5,662,904 in 1904 and to 5,782,591 in 1905, a slight increase of 196,603. The average value per check cleared increased from 679 *yen* in 1903 to 1,038 *yen* in 1905. The returns are reproduced in the following table:

[1] Cf. Extract from the *Report of the Commission of Inquiry into the Tax Laws.*
[2] *Ante*, p. 28.

RETURNS OF CLEARING HOUSES 1903–1905

Clearing houses	Year	Number of checks cleared	Amount cleared (in thousands of *yen*)	Average value per check
			Yen	*Yen*
Tokyo	1903	2,108,415	1,560,614	740
	1904	2,156,458	1,851,490	858
	1905	2,242,478	2,552,705	1,138
Osaka	1903	1,819,376	968,630	532
	1904	1,947,339	1,252,058	642
	1905	1,938,912	1,537,833	793
Kyoto	1903	753,343	231,047	306
	1904	634,885	190,687	300
	1905	649,758	259,572	399
Yokohama	1903	289,066	495,180	1,713
	1904	298,660	618,212	2,070
	1905	314,126	787,912	2,508
Kobe	1903	337,670	412,019	1,220
	1904	355,826	530,031	1,489
	1905	355,137	691,228	1,946
Nagoya	1903	278,112	128,196	461
	1904	269,736	129,024	461
	1905	282,180	174,120	617
Average	1903	5,585,982	3,795,686	679
	1904	5,662,904	4,571,503	807
	1905	5,782,591	6,003,370	1,038

As pointed out in the above table, in spite of the increase in the amount of checks cleared, the number of checks did not increase in equal proportion. This was mainly due to the fact that the remittance of small amounts by check was obstructed by the tax. A few instances are taken as illustrative of the effects of the stamp duty on checks.

1. In paying wages to laborers, where formerly checks had been employed, cash was substituted, provided the stamp duty on checks exceeded in value the premium paid for changing the amount into subsidiary coins of smaller denominations.

2. Instead of remitting checks, however great or small the amount, for settling accounts at the end of a month, people now began to draw only one check, representing the total

monthly amount to be paid, and to divide the cash proceeds among the several creditors, thus reducing the duty to a minimum.

3. Between two banks, one subject to stamp duty on checks and the other not, current accounts were opened. Larger amounts were paid in checks of the latter bank, while smaller amounts were drawn in checks of the former. Thus, a singular method of using checks was invented as a result of the stamp duty on them.

4. The demand for subsidiary coins at the end of the year has greatly increased, and their reversion to the banks, when the season of settling accounts, or *sekki*, is over, has been greatly augmented since the introduction of the stamp duty on checks. This fact testifies to a marked tendency toward the growing increase of cash payments due to the taxation in question.

Exchange tax

Commercial transactions in the exchange in this country are taxed on the basis of the contract amount of merchandise or negotiable instruments. The rates were increased by the First Emergency Tax Law to .0006 of the contract amount of merchandise or negotiable instruments transacted, and to .0003 of national or local loan bonds. The Second Emergency Tax Law left untouched the transactions in national or local loan bonds, whereas it brought under charge an additional .0003 of the contract amount of merchandise or negotiable instruments transacted. The Treasury thereby expected to bring forth an additional revenue of 432,566 *yen* for the fiscal year 1905–6, and an annual accretion of 471,891 *yen*, for each fiscal year beginning with 1906–7. The actual revenue was valued at 1,130,620 *yen* for 1905–6 and 1,169,957 *yen* for 1906–7, resulting in an excess of 698,054 and 698,066 *yen*, respectively, above the anticipated amount. That this increase in levies was not obstructive to trade is obvious from the actual returns of the revenue, for no appreciable shrinkage resulted in the amount of transactions in either merchandise or negotiable instruments. Whether the tax was an inducement to the entire neglect of

requisite formalities and gave rise to secret dealings is really a question; but in truth practices of this sort had been resorted to before, and therefore are not to be assigned to the introduction of the increased levy. Moreover, as is clear from Appendix A, Table V, the gains of the exchange were not lessened in any considerable degree by taxation.[1]

Traveling tax

The traveling tax was created by the Emergency Special Tax Law, when the government concerted measures for adding new sources of revenue in the second war finance program during the Russo-Japanese War. The average annual yield of the tax is valued at approximately 2,300,000 *yen*. This impost is open to criticism. It is one of the so-called three bad taxes in this country, the other two being the salt monopoly and the excise on textiles. The rates are assessed as follows:

For 200 miles or knots or over:	Under 100 miles or knots:
Class I..... 50 *sen*	Class I..... 20 *sen*
" II..... 25 "	" II.....10 "
" III..... 4 "	" III..... 2 "
Under 200 miles or knots:	Under 50 miles or knots:
Class I..... 40 *sen*	Class I..... 5 *sen*
" II..... 20 "	" II..... 3 "
" III..... 3 "	" III..... 1 "

The fact that this tax proved a check to short trips will be passed without comment, as space forbids reference to all of the effects of this notorious impost. As regards its effect on longer journeys, the fact can not be denied that the transit tax failed to accomplish what was at first anticipated by the government. The estimated revenue at the time of its introduction was put at 3,800,000 *yen* for the fiscal year 1905–6, and at 3,470,000 *yen* for each successive year beginning with 1906–7, whereas the revenue for 1909 was estimated at 2,480,000 *yen*, and this no later than five years since the introduction of the tax. This affords most pronounced evidence of the decline of traffic due to the enforcement of this hampering levy, the progress of transportation being unable to keep pace with what it had been before the tax was created. The total number of passengers traveling upon the lines which then belonged

[1] Cf. *Report of the Commission of Inquiry into the Tax Laws*, p. 343.

to a number of railway companies amounted to 120,000,000 in a year. Taking the minimum rate of 1 *sen* to be taxed upon every passenger, the revenue might have figured up to 1,200,000 *yen*. The fact is, in 1907 only 1,140,000 *yen* accrued from the traveling tax on railway passengers. It is needless to enlarge upon the bad effects of the tax, which dealt a heavy blow not alone upon short-distance travelers, but upon all.

In view of these facts, we can conclude that, of all the taxes on acts, only the stamp duty and the traveling tax exerted marked influence upon economic conditions, the registration duty and the exchange tax producing no specific economic effect.

EFFECTS OF DIRECT TAXES AS WAR TAXES

We have briefly considered in the two preceding sections the economic effects of the indirect taxes that were levied as war imposts. As far as the economic effects produced by the war taxes of this country are concerned, the indirect and not the direct taxes play the prominent parts, and from that viewpoint we have already considered the leading features of the economic effects produced by the war taxes. Now we shall pass to the direct taxes and their economic influence. The four main items of the direct taxes levied in this connection are the land tax, income tax, business tax, and succession tax. The last named, however, is of minor consequence for the present research, and is therefore put outside our review, the other three taxes, viz., the taxes on land, income and business, coming within the scope of our comment.

Land tax

The Japanese land tax was not especially created in connection with war or armaments, but has been imposed ever since the foundation of the country, forming the most important factor in the national finance throughout the ages. Before the Meiji Era, however, this tax was not levied in the form that it is now, being sometimes collected as a sort of rent (since the foundation of the country up to the beginning of military ascendency) and sometimes paid as a tribute (from the age of military

ascendency to the Restoration of Meiji). It was only after the erection of a unified state by the Restoration of the Imperial Government of Meiji that the land tax was introduced in its present form as a tax in name and fact. To be more exact, it was really created by the revised Land Tax Act of July, in the sixth year of Meiji (1875). Although this revised act was supplanted by the new Land Tax Act, promulgated by Decree No. VII of the Dajōkan (Privy Council) in March, 1884, the underlying principle survived in the new legislation. The new act fixed the rate at 2.5 per cent, aiming, on the one hand, as the government declared, at preventing the fluctuations in the distribution of landed property by maintaining the good results of the revised tariff, and, on the other, at guarding against any future diminution in the land tax revenue. But this legislation again could not keep pace with the economic progress of the nation, and a far-reaching revision was realized by Law No. XXX in 1889. The fiscal necessities of the post-bellum measure after the Sino-Japanese War demanded a five-year increase of the land tax, which was enacted by Law No. XXXII in 1898. Two increases rapidly followed, put in operation by the Emergency Laws at the time of the Russo-Japanese War. By Law No. XXXVII, of March, 1906, the emergency increase was made permanent, but this was subsequently abolished by the revision of 1910, making the land tax law as it exists today.

Thus, it may be seen that the land tax levied in connection with war began with the period subsequent to the Sino-Japanese War and not before. We have already mentioned in Part I how the tax was increased to meet the post-bellum expenditure of the second program. The fact is, many a complaint was made at the time regarding the inequality of the burden of the land tax, which would become more intolerable if the tax were abruptly increased. Anxious to suit the burden to the means for bearing it, and, considering the fact that measures were concerted as early as 1892 for the revaluation of land (which then passed the Lower House and was denied by the Peers), the government began to

carry on the reassessment of land values simultaneously with the increase of the land taxation. The leading features of the government measures are briefly stated as follows:

1. The yield of the land, taken as the basis of the valuation, was reduced both for urban and rural lands, the rate of reduction being reasonably determined in each district specified in 1873.

2. The price of the rice crop, a second factor in the valuation of cultivated land, was estimated at the average price of rice per *koku* (7.409 *yen*) in each specific district during the decade from 1888 to 1897, and the normal price was obtained by discounting 46 per cent from the average price quoted above.

3. Regarding the rate of interest, 6 per cent was taken as the normal annual rate, although the rate was over 6 per cent in some cases, and whatever was under the rate was revised to 6 per cent. The method of calculation adopted at the time of the former revision was again employed, and the area of cultivated land as it existed on July 1, 1898, was taken as a basis. Thus, the revaluation of cultivated land was set forth in the beginning of February, 1899, and was completed in August. As a result of this undertaking, the value of cultivated land was modified to a considerable degree, that of rice fields reducing itself 114,894,000 *yen* and that of upland fields 33,704,300 *yen* against the figures on February 1, 1899. The total reduction was put at 148,598,400 *yen*, the ratio being 13.3 per cent for rice fields and 15.6 per cent for upland fields, averaging a ratio of 13.7 per cent for these two kinds of cultivated land.

The value of cultivated land in this country was, at the time of the land tax revision (1873), put at 503,919,600 *yen*, and the tax yielded 45,117,500 *yen*. In 1877, the rate of the tax on land was reduced from 3 per cent to 2.5 per cent of its assessed value in order to lighten in a measure the burden of the land-owner. Subsequently, frequent revisions of the land value, mostly on the side of reduction, were made to maintain its uniformity. Compared with the land value at

the time of the first revision (1873), the reassessed value of agricultural land, as passed through several revisions, resulted in a reduction of 294,740,000 *yen*. The reduction of the land tax since 1873, due to the revision of the tariff as well as to frequent reassessments of the land value, amounted to 15,573,000 *yen*. Taking the conditions existing on February 1, 1899, as the basis, the contrast between the average prices of agricultural land both before and after the revaluation is here stated: The average value of rice fields was put at 35.919 *yen* per *tan* after the revaluation, against 40.009 *yen* before it, while that of upland fields stood at 9.624 *yen* per *tan*, against 11.096 *yen* prior to the reassessment.

In the course of concerting measures for the above revaluation of land, the government proposed, in the budget for the fiscal year 1899–1900, an increase of the land tax from 2.5 per cent to 4 per cent. The Lower House, however, revised the bill, leaving the rate of the land tax as it was, and adding 2.5 per cent of the value to the tax on urban dwelling land, and 8 per mille on the other sorts of landed property, both for the definite term of five years beginning with the fiscal year 1899–1900. The Upper House approved the above revision of the government bill, which was consequently promulgated by Law No. XXXII of 1899. An increase of the land tax necessitated the adjustment of the cadaster and other books in this connection, and the government commenced, side by side with the revaluation of land, the calculation and entry of the increased amount of the tax on each item of the cadaster. This proceeding was brought to an end at the same time as the completion of the reassessment of land value. The outcome of the government undertaking showed that after the reassessment of agricultural land and the rearrangement of dwelling land in 1899 the 2.5 per cent tax on land value yielded 25,228,600 *yen* from rice fields, 5,512,100 *yen* from upland fields, 2,666,300 *yen* from rural dwelling land, 866,300 *yen* from urban dwelling land, and 726,600 *yen* from other sorts of land, amounting to a total of 35,000,400 *yen*. To this must be added the increased

revenue of 2.5 per cent of the registered value of urban dwelling land and of 8 per mille of the value of other land. This increased revenue made a total of 10,778,200 *yen*, of which 866,500 *yen* accrued from urban dwelling land, 8,068,900 *yen* from rice fields, 1,759,000 *yen* from upland fields, and 852,700 *yen* from other lands. Thus, the annual yield of the land tax for the five years from 1899 to 1903 (fiscal), including both the normal and additional revenues, stood at 46,778,700 *yen*.[1]

In 1902 a question arose as to the continuation of the increased rate, and much difference of opinion was evidenced between the government and the Diet until the period specified for the increased levy of the land tax expired in 1903. The outbreak of hostilities with Russia in 1904, however, utterly turned the situation. The First Emergency Special Tax Law rated the land tax at 3.3 per cent for the fiscal year 1904–5, while the Second Emergency Law again raised the rate to 20 per cent on urban dwelling land, 8 per cent on rural dwelling land, and 5.5 per cent on other lands, as has been already noted in the preceding pages.

The original war finance project of the Russo-Japanese War, as it was submitted to the Diet for approval, consisted in increasing the rate of the land tax to 5.5 per cent on the assessed value of urban dwelling land, 3.5 per cent on rural dwelling land, and 2 per cent on other land, thus raising an estimated increment of 25,943,918 *yen* for the fiscal year 1904–5 and an annual increase of 31,005,470 *yen* for the subsequent fiscal years beginning with 1905–6. The government proposal was, however, revised by the Diet, which amended the rate on other than urban and rural dwelling land to 1.8 per cent on the assessed value. The progress of the war in 1905 increased the needs of the war chest, and the government, again seeing itself compelled to have more resources, submitted to the Diet a proposal for revising the Emergency Law, which was passed after a slight amendment, and promulgated by Law No. 1 in January, 1905. The land

[1] Cf. *Report on the Post-Bellum Financial Measures of the Russo-Japanese War.*

tax was once again enlisted on the increase scheme. The reasons which the government gave for increasing the land tax were as follows:

> Although the land tax was increased by the First Emergency Measure, the project has since been on foot for protecting the interests of the peasantry, now that the surtax on the land tax was restricted to relieve them of part of the burden imposed by local taxation, while the government newly introduced protective tariffs on imported rice and paddy and increased the import duties on wheat, beans and the like. On the other hand, selling price of dwelling land far surpassed its assessed value of late, to the great advantage of the landowners, whose rental must have doubled or trebled. Owners of dwelling land may be looked on as men of means belonging to the middle or higher classes. A tax on dwelling land is a tax on the capital capable of bearing the burden. The urgent exigency of national finance perfectly justifies an increase of the land tax, especially a higher rate on dwelling land than on any other.

This was the underlying principle on which the government worked. Accordingly, the government proposed to increase 20 per cent of the assessed value on the existing rate of urban dwelling land, 7 per cent on that of rural dwelling land, and 1.8 per cent on that of other lands, thus expecting to yield an estimated increase of 33,025,377 *yen* for the fiscal year 1905 and an annual increase of 37,620,085 *yen* for the subsequent years beginning with 1906. This bill was amended by the Diet, the increase of the rate on urban dwelling land being fixed at 12 per cent of the assessed value, that of rural dwelling land at 2 per cent, and that of other lands at 1.2 per cent, thus expecting to bring forth an estimated increase of 18,640,678 *yen* for the year 1905 and an annual increase of 21,700,372 *yen* for the subsequent years beginning with 1906. The latter part of the estimated revenue, however, underwent a fundamental transformation in 1910, when an .8 per cent reduction of the land tax was realized as a measure for adjusting the existing system of taxation after the great war. Below is shown the rate of the successive increases of the land tax since the Sino-Japanese War:

REVISIONS OF LAND TAX, 1899–1910

Revision	Year	Actual increase or decrease in revenue	Rate of increase or decrease
		Yen	*Per cent*
First (increase)	1899	9,000,000	23
Second "	1904	15,000,000	39
Third "	1905	19,000,000	50
Fourth (reduction)	1910	10,000,000	26
Total increase		33,000,000	86

Of the four revisions mentioned above, those connected with war are the second and the third, enacted by the Emergency Special Tax Laws at the time of the Russo-Japanese War.[1]

We have now to consider the economic effects upon the taxed objects produced by the actual increase in revenue of 34,000,000 *yen*, or an 89 per cent increase, for the two succeeding fiscal years 1904–5 and 1905–6. For convenience, we shall arrange the kinds of taxable land into three groups, i.e., dwelling land, cultivated land, and forest land, and shall enlarge upon the increased war levies on each specific group in its relation to the tax revenue, or what is scientifically termed the "source of taxation."

1. The landowner's revenue accruing from dwelling land naturally increases with the increase of population. This holds all the more true with the rental of urban dwelling land, considering what is technically called the "social increase of population," or migration of population from rural districts into cities. The leading features of the increase of population in this country, both natural and social may be here succinctly stated, although they will be passed later on in our review. The population of Japan was estimated at 51,748,600 at the end of the year 1912, amounting to an increase of approximately 25 per cent between 1892 and 1912. Regarding the growth of population in cities, towns, and country, we see that the specific rate of increase

[1] For the revised tariff, see table no. IV, Appendix A, *post*, pp. 162 *et seq.*

during a period of twenty years from 1888 to 1908 was, for towns and villages with a population under 20,000, 18 per cent; for towns and cities with a population of from 20,000 to 100,000, 28 per cent; for large cities with over 100,000 inhabitants, 230 per cent. The percentage the city population bears to the entire population was only 8 per cent in 1893, and this increased to 20 per cent in 1908. Turning our attention to the rental per 100 *tsuba* of the dwelling land and the relationship existing between the assessed value and the current price of the landed property in question, we give the more important figures in the following table:

RENTAL OF DWELLING LAND[a]

Items	Urban	Rural	Average
	Yen	*Yen*	*Yen*
Current price of land	775.120	48.623	97.054
Rent	94.020	3.542	6.574
Charges:			
Taxes	10.620	.995	1.637
Other	.748	.026	.074
Revenue	37.652	2.521	4.863
Rate of revenue to per cent:			
Land price	.490	.520	.500
Rent	7.680	7.120	7.400
Assessed land value	7.770	2.550	3.900
Taxes and revenue	7.800	7.200	7.500

[a] Per 100 *tsubo*.

COMPARISON BETWEEN ASSESSED VALUE AND CURRENT PRICE OF DWELLING LAND

Items	Urban	Rural
Assessed value	48.458 *yen*	9.882 *yen*
Current price	775.120 "	48.623 "
Ratio	16.000 *per cent*	4.900 *per cent*

The foregoing table shows that the net revenue per 100 *tsubo* of urban dwelling land is 48.27 *yen*, while the public charges upon it amount to 10.62 *yen*, bringing forth a net gain of 37.65 *yen*. The charges are put at 22 per cent and the net gain at 78 per cent of the net revenue. On the other

hand, the revenue accruing from rural dwelling land is 3.52 *yen* per 100 *tsubo*, of which .995 *yen* is paid as taxes, while the remaining 2.52 *yen* forms the net gain, the ratio of the charges to the revenue being 28 per cent and that of the net gain being 72 per cent. The average percentage of public charges for urban and rural dwelling lands is thus put at 25 per cent of the revenue. The public charges above referred to do not consist of the land tax only, but it is unquestionably the most important of the imposts contained therein. The burden imposed by the land tax has been alleviated in great measure since the war as contrasted with the almost proverbial ratio of 40 per cent "public" against 60 per cent "private" or "profit," which prevailed prior to the great war.

2. Before approaching the subject of the tax upon cultivated land and the revenue accruing therefrom, the relationship between the rise in price of rice and the yield of land must be briefly dealt with, especially in view of the fact that the proceeds from arable lands depend in the main upon the prices of rice. The prices of rice in this country are generally subject to heavy fluctuations, but the general drift of the market has always tended upward from year to year. The main features of the rice market as compared with the proceeds of cultivated land from 1872, the year of the revised Land Tax Law, to 1893, the year before the Sino-Japanese War, are quoted in the following table:

CONDITION OF RICE MARKET, 1872–1893

Year	Proceeds per *cho*	Average prices of rice per *koku*
	Yen	*Yen*
1872[a]	67.04	4.19
1877	65.44	4.09
1878	75.44	4.70
1879	92.48	5.78
1880	100.48	6.28
1881	85.76	5.36
1882	77.76	4.86
1883	69.44	4.34
1884	69.28	4.33
1885	88.80	5.55
1886	81.28	5.08
1887	75.36	4.71
1888	69.92	4.37
1889	88.96	5.56
1890	130.40	8.15
1891	109.76	6.86
1892	112.00	7.00
1893	113.28	7.08

[a] Served as the basis for revising tax.

Thus, it will be noted that in the twenty years intervening between 1872 and 1893, the price of rice advanced from 4.19 *yen* to 7.08 *yen*, or, roughly speaking, an increase of 3 *yen* in twenty years, averaging an annual rise of 15 *sen*. Taking the average yield of rice fields at 16 *koku* per *cho*, the proceeds from arable lands increased by 34.33 *yen* during the corresponding period, or an annual average of 1.71 *yen*. Putting the average assessed value of the cultivated land at 400 *yen* per *cho*, the land tax will amount to 10 *yen* per *cho*, and the ratio the tax bears to the proceeds will be as follows:

RATIO OF LAND TAX TO PROCEEDS OF RICE FIELDS, 1873–1893

	Per cent		*Per cent*
1873	14.9	1885	11.3
1877	15.3	1886	12.3
1878	13.3	1887	13.3
1879	10.8	1888	14.3
1880	10.0	1889	11.2
1881	11.7	1890	7.7
1882	12.9	1891	9.1
1883	14.4	1892	8.9
1884	14.4	1893	8.8

Thus, the burden of the land tax was lightened from year to year after 1873, until the rate reached 8.8 per cent in 1893, or a reduction of 6.1 per cent against what it was at the time of the first revision, averaging an annual decrease of 35 per cent during the intervening years. To repeat this statement in other words, the burden imposed by the land tax was gradually lightened as a result of the marked advances in the price of rice in a period of twenty years from 1873 to 1893, that is, up to the time of the Sino-Japanese War. As has been already asserted, the tax was increased in 1898 to meet the needs of post-bellum finance by .008 of the assessed value for the fiscal years 1899 to 1903, making the total rate 33 per mille of the assessed value. One would have thought that the tendency of the burden imposed by this increased rate would have been to reverse the conditions before the war, but in fact the real burden of the impost on land was gradually lessened after 1900, as shown below:

RATIO OF LAND TAX TO PROCEEDS OF RICE FIELDS, 1873–1905

Year	Average price of rice	Proceeds per *cho*	Land tax	Ratio of tax to proceeds
	Yen	*Yen*	*Yen*	*Per cent*
1873[a]	4.19	67.04	10.00	14.9
1900	11.32	181.12	11.68	6.4
1901	11.47	183.32	11.68	6.3
1902	12.07	193.12	11.68	6.0
1903	13.68	218.88	11.68	5.3
1904	12.89	206.24	15.22	7.3
1905	12.66	202.56	19.47	9.6

[a] Served as the basis for revising.

The above table testifies to the marked advances made in the price of rice since the Sino-Japanese War, the average price, which was put at 7 *yen* per *koku* in 1893, being increased to 13.68 *yen* in 1903, or almost double what it was prior to the war. This means that the ratio the burden of the land tax bears to the total yield of the land has invariably been on the decrease, falling from 8.8 per cent in 1893 to 5.3 per cent in 1903, a reduction of 3.5 per cent during a decade, averaging an annual fall of .35 per cent. This ratio of reduction coin-

cides with that of the average reduction during the twenty years from the time of the first revision of the land tax to 1893, one year before the Sino-Japanese War. The war finance of the Russo-Japanese War in 1904–5 entirely changed the situation, the rate of the land tax being raised by 89 per cent or nearly 90 per cent. These two years witnessed a slight fall in the price of rice, ranging between 12.80 *yen* and 12.60 *yen*, and consequently the burden of the land tax was enhanced in some measure, the ratio being raised from 7.3 per cent to 9.6 per cent. Heavy advances in the price of rice since 1906, however, again lowered the ratio of the burden to 8.1 per cent, the price per *koku* being 15 *yen* in 1907. Thus, the landowners' burden was alleviated even to a greater degree than it was before the Sino-Japanese War.

That the rise in the price of rice greatly relieved the landowners of the burden imposed by the land tax, despite the increase of the latter, is true in so far as the burden is considered in its connection with the gross proceeds of the land. As to the problem whether the net revenue of the land did increase despite the heavy advance made in land taxation, another question arises. An isolated study of the net revenue and the land tax alone does not solve the problem of the landowners' burden, and it is far too hasty to form a conclusion on that basis with any degree of accuracy. The comparison pointed out in the preceding paragraph is based upon the relative burden of the land tax, simply bearing in mind that the burden is sometimes heavier and sometimes lighter. The true state of things must be approached by comparing the burden of the land tax with that of the other imposts on land. In the first place, we have to deal with the relationship between the net revenue of land tax and the burden of the land tax, and, secondly, to enlarge upon the details of other taxes for purposes of comparison.

The revenue accruing from one *tan* of rice field and upland field, as prepared by the Department of Finance, is shown below. "Public charges" here mentioned include the land tax and other public imposts, although consisting chiefly of

the former and its surtax (municipal or local land tax rate). By "revenue" is meant the net revenue of land.

REVENUE AND EXPENDITURE OF ARABLE FIELDS[a]

Items	Paddy Field		Upland Field	
	Owned	Tenanted	Owned	Tenanted
	Yen	*Yen*	*Yen*	*Yen*
Assessed value	35.44	35.44	9.45	9.45
Current value	112.55	112.55	47.01	47.01
Yield	....	28.44	....	13.18
Income	27.50	11.31	15.36	3.82
Expenditure:				
Public charges	3.67	3.70	.99	1.00
Others	18.10	.38	12.00	.07
Revenue	5.73	7.23	2.37	2.75
Ratio of revenue to–				
Assessed value	.16	.20	.25	.29
Current value	.05	.064	.05	.058
Income	.20	.63	.15	.71
Public charges	.60	.66	.70	.73
Ratio of yield to income	....	.39	....	.29

[a] Per *tan*.

PERCENTAGE OF AREA OF FIELDS UNDER CULTIVATION

How Held	Superior	Ordinary	Inferior	Percentage to total field	Percentage to total area of cultivated field
	Per cent	*Per cent*	*Per cent*	*Per cent*	*Per cent*
Paddy field, owned	25	40	35	51	52
Paddy field, tenanted	25	40	35	49	
Upland field, owned	21	33	46	62	48
Upland field, tenanted	23	35	42	38	

The foregoing table brings to light the following facts:

(*a*) The net income of an average owned paddy field is 9.40 *yen*, and the public charges amount to 3.67 *yen*, leaving as the net revenue 5.74 *yen*. Nearly 40 per cent of the income is disbursed as public charges, the remaining 60 per cent being the revenue.

(*b*) The net income of an average paddy field tenanted is 10.93 *yen*, from which the public charges of 3.70 *yen* being deducted, a net revenue of 7.23 *yen* is given. Thirty-four

per cent of the income goes toward the public Treasury and 66 per cent forms the revenue.

(*c*) An owned upland field yields a net income of 3.36 *yen*, from which .99 *yen* is deducted as public charges, while the remaining 2.37 *yen* is available as the net revenue. Thirty per cent of the income is charged and 70 per cent comes to the revenue.

(*d*) A tenanted upland field yields a net income of 3.75 *yen*, from which the sum of 1 *yen* must go toward the Treasury, and the remaining 2.75 *yen* area vailable as revenue. The charges amount to 27 per cent, and the revenue to 73 per cent.

It should be noted in passing, that the revenue here mentioned does not include the wages to be paid to members of the landlords' or tenants' families, a reasonable amount of wages being deducted from the gross receipts. In case allowance is not made for wages, the percentage of the net revenue would be much higher.

In view of these facts, the burden of the land tax has really been lessened since the war, for prior to that event the percentage of public charges and net revenue was 50 against 50. In other words, the burden of the land tax since the two great wars in which Japan engaged in the latter part of the Meiji period has been alleviated, not only in the light of its proportion to the gross receipts of the land but also in its relation to the net revenue.

Approaching the subject from a different angle, which is of greater consequence, we have to consider the relative importance of the land tax as compared with the burden of other imposts in different walks of life. A comparison between the income of the peasantry and that of the commercial and industrial people since the Russo-Japanese War, each in the light of its burden of taxation, readily exhibits the fact that throughout the country the burden imposed upon the farmers is much heavier than that of either merchants or artisans.[1] The ratio the tax bears to the revenue

[1] For exact figures, see table no. v, Appendix A, *post*, pp. 192–3.

averages 28 per cent with the peasantry and 14 per cent with merchants and artisans. It must be remembered that the income tax is assessed on all at the same rate, and no conceivable discrepancy of burden could result along that line between the farmers and the artisans or tradesmen.

3. The land tax upon forests remains to be considered. The prices of timber and fagots in this country have made marked advances since the Sino-Japanese War, and consequently the revenue of forestry has since attained significant proportions. According to the investigation of the Commission of Inquiry into the Tax Laws, square pine wood 2 *ken* long, for instance, which in 1886 cost 1.17 *yen* per *shakujime* (approximately 12 cubic feet), rose to 3.50 *yen* in 1903, or about three times as high. A contrast in prices between these two years regarding pine (*sugi*) fagots and charcoal is cited below from the source mentioned above:

Comparison of Prices of Pine Fagots and Charcoal, 1886 and 1903

Kinds	1886	1903
	Yen	*Yen*
Pine, square, 2 *ken* long per *shakujime*	1.17	3.50
Sugi, square, 2 *ken* long per *shakujime*	1.19	4.08
Fagots (per 10 *kamme*)	.10	.23
Charcoal (per 10 *kamme*)	.25	.77

Such a rise in prices of forest products necessarily increased the revenue from forests. The annual forest yield for the five years from 1899 to 1903 averaged 40,257,741 *yen*, the value of the timber and bamboos being estimated at the spot where they are cut, and if this figure is divided by the wooded area—7,138,892 *cho*—the average annual receipt per *cho* is to be put at 5.65 *yen*. As the advances made in prices of forest products have been more significant since the Russo-Japanese War, the average receipts per *cho* must have likewise increased. An official inquiry into the revenue of forest land on January 1, 1908, brings to light the fact that the wooded area amounted in that year to 7,257,258 *cho*, the assessed value per *cho* being 3,521 *yen*, on which was imposed

a land tax of .193 *yen*. Putting the forest area at 5,442,937 *cho*, the lucrativeness of forest lands ranges from 12 per cent to 4 per cent, averaging about 6.7 per cent, a higher rate than that of a rice field or an upland farm. Thus, the burden of the land tax doubtless has been lightened as compared with the condition prior to the great war, and a slight increase of the tax rate at the time of the war can not have exerted any visible effect. Nevertheless, the fact can not be denied that, the land tax on forests ranging from .775 *yen* to .059 *yen*, averaging .193 *yen*, as a result of the assessed value of forest per *cho* being put at a maximum of 14.093 *yen* down to a minimum of 1.078 *yen*, one being thirteen times as large as the other, the inequality of the burden imposed by the land tax is most significant with the wooded land.

In the interest of a clearer survey, the financial results of Japanese forestry, extracted from the official reports of the Commission of Inquiry into the Tax Laws by the Department of Finance, are reproduced in the following:

EXPENDITURE AND REVENUE CONNECTED WITH WORKING A SUGI OR HINOKI FOREST[a]

		Yen
Total revenue from cutting entire forest		1 080.00
Expenditure:		
Expenses of general administration (5 per cent of proceeds)	54.00	
Income tax (at 28.35 per mille of total revenue, above expenses being deducted)	29.09	
Income tax rate (at 13.5 per mille of income tax)	6.92	90.01
Balance		989.99
Capital investment and interest[b]		859.40
Profit (over and above the 5 per cent interest on capital invested)		130.59

[a] Per *cho*.
[b] Capitalized at the actual amount of expenditure in the fortieth year—874.40 *yen*, from which 15 *yen* are deducted as rent.

To sum up, the burden of the land tax since the Russo-Japanese War has become less, as far as the relative income of the land is concerned, owing mainly to the advances made in the price of the taxed object and to the consequent increase of revenue from land; but when the burden imposed by the land tax is compared with that of the business tax or

DETAILED ACCOUNT OF THE REVENUE FROM WORKING A SUGI OR HINOKI FOREST[a]
(per *cho*)

No. of growing trees in the 40th year[b]	*Shaku-jime*	Logs	Trees
1. No. of trees capable of conversion into 2 *ken* logs	....	....	1,800
(*a*) Logs, 2 *ken* long (1.5 piece per tree)	....	2,700	....
Converted into *shakujime*, 4 pieces of 5 *sun* diameter at butt making 1 *shakujime*	675.0	....	....
(*b*) Logs, 1 *jo* long (1 piece per tree, taking a timber 2 *ken* long of over 2 *sun* diameter at butt)	....	1,800	....
Converted into *shakujime*, 20 pieces of logs with a diameter at butt from 2 *sun* to 4 *sun*	90.0	....	....
2. No. of trees capable of conversion into 1 *jo* logs	....	....	900
Logs, 1 *shakujime* (2.5 pieces per tree)	....	2,250	....
Converted into *shakujime*	112.5	....	....
Total	877.5	6,750	2,700

Original cost of the forest (1.231 *yen* per *shakujime*), 1,080 *yen*.

[a] It has been assumed that cost of cutting trees is borne by the purchaser.
[b] Of 4,500 newly planted trees, 20 per cent were cut in the intervening years, 20 per cent withered and the remaining 60 per cent are in existence.

of similar imposts, a reverse tendency is revealed. This increase of the burden was, as has been stated above, brought about by the repeated increases of taxation, both at the time of and subsequent to the Russo-Japanese War.

Business tax

The origin of the Japanese business tax is traceable to the so-called *komononari* of the feudal age. This old system of taxation survived the Restoration for a short time, and the revenue accruing from it was employed for meeting the expenditures of the central and local governments. When the distinction between national and local taxes was introduced in 1875, the business tax was apportioned to the revenue of the prefectural treasury, and was assessed as a local tax up to the time of the war with China. The war, which called forth an increased revenue to meet the needs of the Treasury, compelled the government to have recourse to the establishment of this tax as part of the system of national taxation. Three main causes were at work when the government took that measure. In the first place, the assessment of the business tax and other sundry taxes, which had hitherto been

DETAILED ACCOUNT OF THE EXPENDITURE IN WORKING A SUGI OR HINOKI FOREST[a]

Items	1 Year	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years	35 Years	40 Years
	Yen	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*
Rent	15.000	....	....	....	....	....	....	....	....
Cost of earthwork	12.000	....	....	....	....	....	....	....	....
Cost of seeding	15.750	....	....	....	....	....	....	....	....
Cost of planting or filling up	9.000	....	....	....	....	....	....	....	....
Cost of weeding	9.000	9.000	....	....	....	....	....	6.000	....
Land tax	.385	.385	.385	.385	.385	.385	.385	.385	.385
Other public charges	.140	.140	.140	.140	.140	.140	.140	.140	.140
Total	61.275	9.520	.525	.525	.525	.525	.525	6.525	.525
Interest[b] on principal of previous year	....	5.593	9.286	12.493	15.984	20.621	26.030	32.892	41.612
Total sum of principal and interest	61.275	135.378	195.547	262.890	336.196	433.572	547.170	697.264	874.396
Revenue	....	....	....	3.150[c]	....	13.500[d]	8.400[e]	15.500[f]	....
Cost of forest protection	....	....	....	.157	....	.675	.420	.775	....
Income tax	....	....	....	.060	....	.262	.162	.302	....
Balance for amortization	....	....	....	2.933	....	12.563	7.818	14.423	....
Actual amount of principal and interest	61.275	135.378	195.547	259.957	336.196	421.009	539.352	682.841	874.396

[a] Per *cho*.
[b] The rate of interest is assumed to be 5 per cent.
[c] Revenue from 225 trees.
[d] Revenue from 150 trees.
[e] Revenue from 70 trees.
[f] Revenue from 50 trees.

levied as local charges, was absolutely lacking in the balance of burden. The government endeavored to remedy this inequality of sacrifice by transferring the business tax to the national chest and imposing its surtax at a definite rate to fill the local treasury. Secondly, such taxes, for instance, as ship money, the vehicle tax, the confectionery tax, the license taxes on horses and oxen, tobacco and barm, imposed by the central government, as could be more advantageously levied for local purposes, owing to the immense expenses of collecting them by the central authorities, were all transferred to the local treasury, thus simplifying the national system of taxation. Thirdly, the landowners enjoyed a greater immunity from the burden of taxation than did either merchants or artisans, due to an improper apportionment of taxes and corresponding civil rights. To do away with this unequal state of affairs, the government conferred upon the payers of the business tax the right of participating in government affairs, as stipulated in the Law of Election for Members of the House of Commons, and in the Regulations on Mutual Election of Members of the House of Peers, representing the highest taxpayers.

The Sino-Japanese War was brought to an earlier end than was anticipated, victory having attended our arms throughout, both on land and sea. The billions of Chinese indemnity and the new territory which remained in the nation's hands after the restoration of peace gave a strong impetus to her economic and financial development, so strong, indeed, that it pointed the way to an entire revolution of her economic activity. Financially, the state made abrupt advances, larger outlays being involved in the post-bellum undertakings, especially the growing industries and the improvement of government railways. Various other measures, also, aided in increasing the expenditures of the government. Economically, although the retrocession of Liaotung dejected the popular spirit for a time, business enterprises soon sprang up afresh in rapid succession along the lines of railways, shipping, cotton spinning, textile and many other manufacturing industries, while an enormous number of joint-stock companies were established and individual

enterprises universally expanded, resulting in an immense demand for capital. In 1896 a law was enacted to dispose of the national banks, which were accordingly converted into a number of private banks throughout the country, while in 1897 the new Currency Law introduced the system of gold monometalism and the establishment of a few "special banks." The receipt from China of the war indemnity, resulting in an enormous influx of gold, enabled the Bank of Japan to extend the limit of its excess note issue. The increasing mobility of available capital which was thus put at our disposal gave a strong impetus to the popular business confidence, and the introduction or increase of taxes to some extent was quite justifiable in that they gave no cause for hindering the economic development of the nation. Viewed from such a standpoint, the business tax was put in operation at a most favorable time. Below are shown the rates of the business tax as they were then assessed:

RATE OF ASSESSMENT IN BUSINESS TAXATION

Class	On capital, etc.	On rent of building used	On persons engaged
Sale of goods:			*yen* per capita
Wholesale	.0005	....	1
Retail	.0015 (amount of sale)	....	1
Banking, insurance, lending money on security	.002 (capital)	.040	1
Warehousing	.002 (capital)	.020	1
Manufacturing, printing, photographing	1.005 (capital)	.040	1 (but 30 *sen* for artisans and laborers)
Freighting, canal transportation, pierage, docking, quayage, wharfinger	2.005 (capital)	....	1
Railways	.010	....	1
Contractor of works or labor	.002 (amount of contract)	....	1
Rooms for rent and restaurants	....	.060	1
Hotels and inns	....	.040	1
Brokerage, agency, commission agency, commission business	.015 (amount of commission)	....	1

At the time of the Russo-Japanese War, the business tax was increased 150 per cent by the two emergency measures, and this temporary increase in the rate was made permanent in 1906. In 1910 the tax was reduced by 28 per cent, at which rate it has since remained, amounting to an increase of 122 per cent over what was assessed before the war.

REVISION OF BUSINESS TAX, 1897–1910

Revision	Year	Actual increase in revenue	Increase of rate
		Yen	*Per cent*
Establishment[a]	1897	5,000,000	....
First (increase)	1904	5,000,000	70
Second (increase)	1905	5,800,000	80
Third (reduction)	1910	2,000,000[b]	28[b]
Total net revenue	....	8,800,000	122

[a] Business tax was put in operation in 1897. [b] Decrease.

Of the above amendments, the first and second emergency increases at the time of the Russo-Japanese War come within the scope of the present research, really deserving the name of war taxes. What were the effects produced by these increased levies upon the taxable objects in particular and upon the general economic development of this country? According to the annual report of the Revenue Bureau pertaining to the returns of the revenue, the number of business taxpayers has been on the increase ever since the introduction of this tax. The taxpayers being classified into several grades, according to the amount of the payment, those belonging to the classes paying above 1,000 *yen*, 500 *yen* or over, 100 *yen* or over, 50 *yen* or over, 30 *yen* or over, 20 *yen* or over, 15 *yen* or over, have always been gaining in number, whether they be individuals or corporations, taking into consideration both the original taxpayers and those added by the revisions of 1904 and 1905. On the contrary, the taxpaying corporations (inclusive of those added by the revisions) graded above 10 *yen*, 5 *yen* or over, 3 *yen* or over, under 3 *yen*, have steadily been on the decrease, as well as

the number of individual taxpayers belonging to the classes above 3 *yen* and under 3 *yen*. Now, a glance over the last five years, 1907 to 1912, will show that almost every class of taxpayers, both individual and corporate, ranging from above 5 *yen* to upward of 1,000 *yen*, did increase in number from year to year, with the single exception of 1912 (fiscal), in which the number of taxpayers belonging to the class above 5 *yen* shrank to 135,749 from 138,923 of the previous year, whereas the lowest grade of taxpayers under 3 *yen* kept on declining, returning 396 persons for 1911 (fiscal) and 139 for 1912 (fiscal).

The shortage of the corporate payers of the business tax up to the fiscal year 1907 was incidental to the tendency of industrial combination and concentration of enterprises, while the decline in the number of smaller individual business men must perhaps be assigned not to the above tendency alone but also to the unduly heavy pressure of the emergency taxation. Those smaller taxpayers who were compelled to retire from business probably fell, as a rule, to the laboring class wherever no chance for transferring their capital was presented. Lack of available material for further study with any approach to accuracy forbids the solution of this intricate, though no less interesting, problem.

In almost every sphere of economic activities, this country has witnessed marked advance since the war with China, the development of foreign trade, the progress of monetary circulation and of corporate enterprises, and the increase in amount of bills cleared being put at from three to five times in the course of the ensuing years. The only exceptions to this general tendency are found along the line of wholesale and retail trade, the returns showing only an 80 per cent increase for the former and a 60 per cent increase for the latter, both failing to keep pace with the progress made in other branches of economic activities. This can be accounted for only by the fact that the traders concealed the real amount of sale in order to evade the unduly heavy burden imposed by the business tax. Possibly the amount of capital invest-

ment was also concealed for purposes of evasion, save with the enterprises organized into corporations. The entire amount of capital increased 240 per cent during a period of thirteen years ending with 1910, whereas the amount of business revenue began to shrink suddenly after 1906 to all but one-tenth of what it had been before. This was due to the nationalization of railways. On the other hand, the amount of contract for work or labor increased three times and the amount of commission two times and a half during the corresponding period; but the progress along this line, in the main, has been rather slow. Further, the ratio the business tax bears to the net business profit rose in 1903 to .033 and to nearly .045 thenceforth, as against the five years from 1897 to 1902, the ratio for which ranged from .015 to .018. A burden of 40 to 50 *yen* for a net profit of 1,000 *yen* seems at first glance by no means heavy; but in view of the fact that the business tax is, in the main, a tax on labor, except in case it is imposed on capital, this rate of burden is far from light. The fact is more clearly evidenced in the following tables:

WHOLESALE AND RETAIL TRADE, 1897–1910

Fiscal year	Amount of sale		Amount of capital	Trade revenue
	Wholesale	Retail		
	Yen	*Yen*	*Yen*	*Yen*
1897	1,096,410,809	525,625,802	687,434,616	....
1898	1,099,837,192	505,163,769	721,007,802	....
1899	1,036,418,423	482,457,550	793,975,213	....
1900	1,206,771,599	506,539,301	880,068,868	....
1901	1,221,431,393	526,381,185	991,178,337	....
1902	1,144,386,919	519,553,167	1,115,332,630	....
1903	1,183,722,280	535,140,125	897,447,675	32,261,300
1904	1,244,326,948	565,364,881	1,083,795,564	33,349,294
1905	1,234,107,262	557,456,021	1,150,901,748	34,752,398
1906	1,358,605,373	616,547,504	1,188,230,241	42,324,606
1907	1,507,154,290	622,527,347	1,279,769,330	20,273,476
1908	1,824,757,227	758,871,337	1,521,860,864	3,307,730
1909	1,834,351,495	800,659,167	1,664,668,986	3,742,964
1910	1,851,475,980	778,825,964	1,726,352,522	3,746,588

BUSINESS TAX, 1897–1910

Year	Amount of contract	Amount of commission	Estimated net profit[a]	Business tax	Ratio of business tax to net profit
	Yen	*Yen*	*Yen*	*Yen*	*Per cent*
1897.....	33,860,974	11,675,500	292,616,995	4,416,249	1.5
1898.....	39,276,296	12,264,200	293,425,371	5,478,020	1.9
1899.....	33,138,004	11,551,500	288,468,773	5,507,147	1.9
1900.....	37,536,246	15,965,100	320,692,174	6,051,515	1.8
1901.....	44,779,021	16,070,300	338,707,073	6,481,045	1.9
1902.....	46,881,822	15,421,005	342,353,152	6,777,047	1.9
1903.....	53,277,595	16,651,960	355,261,581	7,049,251	1.9
1904.....	54,197,252	17,236,362	376,846,595	12,601,542	13.3
1905.....	48,441,745	17,086,930	384,476,838	18,784,656	4.8
1906.....	44,854,086	19,504,181	392,980,944	19,770,159	5.3
1907.....	51,088,579	24,873,498	428,526,983	20,383,940	4.5
1908.....	89,721,056	26,171,357	511,268,422	23,574,427	4.6
1909.....	107,514,493	24,875,469	538,383,371	25,112,330	4.6
1910.....	94,527,342	25,986,038	559,823,011	25,303,507	4.6

[a] The estimated net profit is calculated at 10 per cent of the amount of the wholesale trade; 20 per cent of that of the retail trade; 10 per cent of the amount of capital; 50 per cent of revenue (for railways) and 20 per cent of the amount of contract or commission.

Regarding the proportion between the burden of several taxes and the business net profit of corporations, it may be noted that banking and other corporations are taxed at least 10 per cent of their net profits, the rate in most cases ranging from 16 to 18 per cent; that is, they are taxed at the rate of 10 *yen* to 18 *yen* for every 100 *yen* of net profit. Of course, the rate here mentioned includes the income tax, the business tax, and the local surtax, but the lion's share falls to the business tax, since the income tax levied upon a joint-stock company is only 4 per cent of its net profit, and therefore the burden charged on companies and partnerships is mainly imposed in the form of business tax. Below are given, for purposes of reference, the figures showing the business tax paid by leading companies in their relation to the net profit of each:

RATIO OF BUSINESS TAX TO NET PROFIT

Companies	Net profit	Tax paid	Settlement period	Ratio of tax to net profit
	Yen	*Yen*		*Per cent*
First Bank	1,757,015	184,572	July, 1910–June, 1911	10
One-hundredth Bank	863,347	101,974	July, 1909–June, 1910	12
Teikoku Shogyo Ginko	344,438	52,466	July, 1911–Dec., 1911	15
Kawasaki Dockyard	838,584	146,987	Nov., 1910–Nov., 1911	17
Yokohama Dock Co.	414,562	76,808	June, 1910–May, 1911	17
Tobu Railway Co.	222,908	27,419	April, 1910–March, 1911	12
Tokyo Electric Co.	3,674,576	513,859	June, 1910–May, 1911	14
Osaka Electric Co.	1,605,640	201,126	July, 1910–June, 1911	11
Tokyo Gas Co.	2,233,946	288,454	July, 1910–June, 1911	12
Amagasaki Spinning Co.	561,559	104,231	June, 1910–May, 1911	18
Kishiwada Spinning Co.	578,973	44,785	Jan., 1911–Dec., 1911	7
Kanegafuchi Spinning Co.	1,964,222	324,945	Jan., 1911–Dec., 1911	16
Fuji Gassed Spinning Co.	1,688,989	217,136	July, 1909–May, 1910	12
Miye Spinning Co.	1,169,342	202,360	Jan., 1911–Dec. 1911,	17

Income tax

The original of the Japanese income tax dates from March, 1887, (twentieth year of Meiji), when a progressive tariff was assessed on personal incomes of above 300 *yen* per annum, those of corporations being exempt from taxation. The reasons for introducing this new departure in the system of taxation have been already briefly stated. The revenue of the nation at the time of the introduction of the income tax consisted mainly of the land tax and the tax on *sake*, but the amount raised fell far short of supplying the needs which the nation's progress demanded, particularly the increasing of the navy, which the state of foreign affairs necessitated. The existing taxes on land and *sake* not only did not permit any further increase, but the tax laws as well, which were compiled in a disorderly manner at the instigation of the new Meiji Government, could not keep pace with the progressive demands of the age. The government, therefore, created a new tax on income, modeled after the financial legislation of other countries, in order, on the one hand, to

meet the exigency of naval expansion, and, on the other, to introduce a reform in the system of taxation.

An amendment of the income tax was enacted by Law No. XVII of 1899, by which the income of corporations was brought under taxation, necessitated by the growing demand for sources of revenue in order to meet the expenses of expanding and replenishing armaments as a result of the recent war with China. The amendment was also effected to provide for the taxation of international incomes which present themselves in consequence of the revision of treaties, and, further, to meet the requirements of economic development, especially along the line of industrial enterprises. The main features of the amendment are as follows:

1. By the new law the liability and conditions to which the taxpayers within and without the Empire are subject were made clearer, bringing under charge all persons having a domicile within the Imperial dominion to which the law is to be applied, as well as all persons, irrespective of nationality, having a residence within the Empire for more than a year.[1]

2. Those persons not provided for in the preceding paragraph, having either property or business or else receiving interest on national loans or debentures within the dominion, were made liable to the income tax, in so far as they draw their incomes from the same.

3. The new law extended to corporations the duty of paying the income tax, which duty hitherto applied only to individuals.

Thus, the new law embodied the tax on three kinds of incomes: (1) incomes of corporations; (2) interest on national loans or debentures paid within the dominion in which this law is enforced; (3) individual incomes. The rate of assessment on the first and second kinds of incomes is proportional while the rate on the third adopts what is scientifically termed the method of "hitting at sources." The third kind

[1] Cf. art. 1 of the revised law.

is divided into twelve grades, ranging in rate from .010 to .055.

The emergency taxation at the time of the Russo-Japanese War found in the income tax one of the most appropriate sources of war-time revenue. By the first increase program of 1904, the government increased the rate of the income tax by revising the existing law, arranging the first kind of income (i.e. corporations) into (*a*) that of a joint-stock company, or a joint-stock company of unlimited liability organized by either more than twenty-one shareholders or twenty-one shareholders and partners together; and (*b*) other corporations. The rate of the tax was accordingly differentiated, the system of proportional taxation being applied to (*a*), while that of progressive taxation was adopted for (*b*). The grades of incomes to be taxed were arranged into eight, between the highest income of above 100,000 *yen* and the lowest of 5,000 *yen*. By the second increase program of 1905 the income tax was increased a second time.

The actual revenue accruing from the first increase, when the government expected to increase 70 per cent of the proceeds of the tax on incomes of the first and third kinds, was estimated at 5,287,350 *yen*. The reason the government left the second kind of income untouched was to maintain the price of the national war loan, the second kind of income consisting in the main of the interest on public loans. The revenue of the second increase program that the government originally proposed to carry out was to amount to 5,862,240 *yen*, by raising another 80 per cent increase over and above the first one. The bill was amended by the Diet (especially with reference to the rate on (*b*) of the first kind of income), which reduced about 1 per cent the government proposal, viz., 575,778 *yen*, resulting in an actual increased revenue of 5,286,462 *yen*. The increased revenue raised since the first amendment is shown below:

REVISION OF INCOME TAX ON CORPORATIONS

Revision	Year	Revenue	Rate of increase
		Yen	*Per cent*
Establishment	....	1,500,000	..
First increase	1904	5,300,000	70
Second increase	1905	5,300,000	70
Total increase	....	12,100,000	140

The development of the national income as revealed in the revenue of the income tax since the Sino-Japanese War is shown in the following table, the conditions prior to that event being purposely omitted, as the amount of the tax was excessively small because the general economic conditions were not yet developed, while accurate information on the objects to be taxed was not available, due to frequent evasions at the time:

DEVELOPMENT OF THE NATIONAL INCOME, 1893–1910

Year	First kind	Second kind	Third kind	Total
	Yen	*Yen*	*Yen*	*Yen*
1893	....	....	91,313,000	91,313,000
1894	....	....	99,470,000	99,470,000
1895	....	....	107,553,000	107,553,000
1896	....	....	127,299,000	127,299,000
1897	....	....	147,676,000	147,676,000
1898	....	....	168,480,000	168,480,000
1899	60,809,000	12,675,000	204,117,000	277,603,000
1900	89,761,000	13,111,000	253,251,000	356,124,000
1901	87,080,000	14,514,000	291,256,000	392,851,000
1902	90,718,000	15,142,000	326,230,000	432,090,000
1903	94,234,000	17,255,000	366,931,000	478,421,000
1904	93,736,000	18,230,000	395,262,000	507,228,000
1905	123,233,000	14,577,000	424,492,000	562,303,000
1906	139,447,000	13,129,000	466,219,000	618,795,000
1907	127,533,000	24,644,000	519,457,000	671,635,000
1908	132,672,000	33,747,000	640,135,000	806,554,000
1909	125,910,000	16,261,000	689,722,000	831,894,000
1910	119,602,000	7,210,000	697,999,000	824,812,000

The foregoing table might lead us to judge that the growth of the national income in this country has made such marked

advances since the war with China that the amount increased from 91,000,000 *yen* in 1893 to 824,000,000 *yen* in 1910, that is, an increase of nine times in a period of nineteen years. But the basis for calculation before 1899 was so different from that after that year, when the law was revised, that the rate of increase above referred to has no claim for accuracy. The increase, however, of the income tax to meet the war expenses was carried out after the revision of the law, so that we may justly compare the growth of our national income before and after the war-time increase of the income tax. The entire amount of the income was estimated at 277,603,000 *yen* in 1899, at the time the law was revised, and this amount advanced to 478,421,000 *yen* in 1903, which was one year before the increase, thus making an increase of 200,718,000 *yen* in five years, or an annual average increase of about 40,000,000 *yen*. Since the increased taxation of 1904, the rate of increase has somehow diminished, the amount being roughly estimated at 507,000,000 *yen* in 1904, 562,000,000 *yen* in 1905, and 617,635,000 *yen* in 1907, showing an increase of about 140,000,000 *yen* over the amount for the year previous to the introduction of the increased tariff and averaging an annual increase of about 28,000,000 *yen*. An increase of no less than 140 per cent during the intervening years could not help exerting considerable influence on the development of the national income.

A comparison between the arrearages of the income tax before and after the great increases for war purposes may not be without interest, although it would be inadvisable to draw from these figures alone any final conclusions as to the burden of the tax in question. The number of persons pressed for payment of the income tax in arrears in 1903, before the rate was increased, stood at 59,697, which figure became 61,695 in 1904, when the first increase was carried out, and at last reached 118,012 in 1905, when the second increase was enforced. During the corresponding period the number of those persons whose property was seized for non-payment increased at first from 2,086 to 3,111 and

then to 5,149, the number of defaulters disposed of for the recovery of the tax in arrears increasing from 327 to 514 and 878, respectively, while the number of ultimate defaulters causing loss to the Treasury was put at 2,089, 2,250, and 4,472, in the respective years. Thus, the arrears in general grew with the increase of the rate, the defaulters almost doubling in number after the great increase of taxation. Here we have ample ground for concluding that the increase of the income tax was rather too heavy in proportion to the growth of the national income.

Approaching the subject from a different angle, somewhat contradictory results are found. As was shown in the foregoing table,[1] the object of the present tax, i.e. the income to be taxed, has made material advances since 1908, amounting, for instance, to 824,812,000 *yen* in 1910, an increase of 547,208,000 *yen*, or a 20 per cent increase as compared with 1899 (fiscal), when the income tax law was revised. The rate of the progress of income is more rapid than that of the income tax, as has been the case at least since 1908. In view of the above fact, the development of the national income in the main was not hampered by the increase of the present tax.

The growth of the total income to be taxed is mainly assignable to the remarkable progress of the income of the third kind. In 1899, of a total income of 277,603,000 *yen*, the third kind comprised 204,117,000 *yen*, or nearly 70 per cent of the total, whereas in 1910, of a total of 824,812,000 *yen*, the third kind was put at 697,999,000 *yen*, approximately equivalent to 90 per cent of the total. The burden of income taxation is again the largest with the income of the third kind. In the fiscal year 1912–13, the total income of the third kind amounted to 765,425,742 *yen*, and the total tax borne by the third kind of income figured up to 27,383,196 *yen*. Further, the distribution of the burden of the third kind of income tax among the different grades of individual taxpayers in 1912–13 is shown below:

[1] *Ante*, p. 111.

DISTRIBUTION OF THIRD KIND OF INCOME TAX, FISCAL YEAR 1912–1913

Grades of income	Income	Tax	Rate
	Yen	*Yen*	*Per Cent*
Above 300	207,749,103	4,154,982	2
" 500	201,421,618	5,075,824	2.52
" 1,000	134,714,578	4,647,652	3.45
" 2,000	61,095,461	2,388,832	3.91
" 3,000	58,785,958	2,704,154	4.6
" 5,000	50,351,906	3,021,114	6
" 10,000	18,602,408	1,395,180	7.5
" 15,000	9,856,948	931,481	9.45
" 20,000	9,073,274	1,052,499	11.6
" 30,000	7,229,600	813,430	13.85
" 50,000	4,592,475	800,720	17
" 100,000	1,952,413	397,328	23.5
Total	765,425,742	27,383,196	3.5

The preceding table shows that the revenue accruing from the three grades under 2,000 *yen* amounted to the enormous sum of 13,700,000 *yen*, more than half of the total revenue of the income tax, whereas that yielded from the six grades above 10,000 *yen* was put at 5,300,000 *yen*, or no more than one fifth of the total revenue. Thus, it is safe to conclude that the most serious burden of the war taxation of 1904–5 fell on the three lowest grades of taxpayers, who draw incomes under 2,000 *yen*.

It has already been explained that the war taxation, relatively speaking, exerted the heaviest influence on individual incomes (third kind), and of these that the three lowest grades of income under 2,000 *yen* were most seriously affected. Incomes of individual persons grouped under the third kind are arranged according to their sources as follows: (1) rice fields and upland fields; (2) rented land and house; (3) forest; (4) waste land and others; (5) mining; (6) stock-farming and extraction; (7) interest on loans and deposits; (8) salaries and allowances; (9) trade; (10) industry; (11) miscellaneous business; (12) labor; (13) other incomes. Of these thirteen sources of personal revenue, the largest share of burden falls on those who derive incomes from rice

fields and upland fields, followed by those engaged in trade and those receiving salaries and allowances, the least share falling to those engaged in mining. The following table is inserted for comparison:

REVENUE OF THIRD KIND OF INCOME TAX[a]

Source of revenue	1901–1902	1909–1910
	Yen	*Yen*
Rice fields and upland fields	87,139,282	222,097,653
Rented land and house	15,568,481	53,715,154
Forest	5,619,381	16,008,089
Waste land and others	1,323,047	2,513,814
Mining	1,075,265	1,497,815
Stock-farming and extraction	3,148,715	11,621,281
Interest on loans and deposits	29,632,473	46,849,879
Salaries and allowances	54,108,689[b]	114,865,461
Trade	64,927,147	144,544,155
Industry	13,797,048	39,369,762
Miscellaneous business	8,012,250[b]	17,026,661
Labor	1,411,426[b]	3,859,968
Other incomes	68,675,835	15,752,694
Total	290,906,674	689,722,386

[a] From *Thirty-sixth Annual Statistical Report of the Bureau of Taxation.* [b] For year 1902–3.

Summary

By way of concluding the present section, we quote below from the returns on 886 items prepared by the Finance Department concerning the relative burden of various direct taxes as well as of local imposts. The contrast between the owners of landed property and non-landed taxpayers was not ascertained, but a comparison between the peasantry, on the one hand, consisting, in the main, of landowners, and, on the other hand, the liberal professions, both public and private, organized chiefly of non-landowners, was made clear to a considerable extent.

Taking, as an illustration, the fifth grade in the foregoing table, with an income of 300–500 *yen*, we see that the total burden of the taxes on land, income, and business, together with their surtaxes, stands at 27 per cent with the peasantry, whereas with liberal professions the ratio is diminished to merely 5 per cent. The burden on the peasantry is nearly

RATIO OF TAXES TO THE REVENUE TO BE TAXED[a]

Grades of income	Land tax and its surtax	Income tax and its surtax	Business tax and its surtax	Other taxes	Total
Peasantry:					
Yen	*Per cent*	*Per cent*	*Per cent*	*Per cent*	*Per cent*
Above 3,000.....	1.92	.44	.11	.53	3.00
Between 2,000 and 3,000	1.71	.38	.11	.44	2.64
" 1,000 and 2,000	1.85	.33	.10	.50	2.78
" 500 and 1,000	1.86	.24	.05	.66	2.81
" 300 and 500	1.80	.19	.02	.70	2.71
Liberal Professions:					
Yen					
Above 3,000.....	.07	.56	...	.14	.75
Between 2,000 and 3,000	.04	.47	...	.16	.67
" 1,000 and 2,000	.08	.41	...	.26	.75
" 500 and 1,000	.05	.31	...	.23	.58
" 300 and 500	.02	.24	...	.25	.51

[a] The revenue to be taxed is made out by adding the amount of the taxes and other public charges to the income serving as the standard of the income tax.

four times heavier than on the others. This fact applies to taxes in general; but, as is obvious, the war taxes since the Sino-Japanese War, especially those levied at the time of the Russo-Japanese War, gave rise, in a large measure, to this unbalanced distribution of the burden of taxation.

As has been previously pointed out, the burden of indirect taxes as war imposts fell most heavily on those of small incomes, just as the burden of direct taxes fell most heavily on the peasantry, particularly on small farmers or peasant proprietors.

CHAPTER III

A SYNTHETIC STUDY OF THE ECONOMIC EFFECTS OF WAR TAXES

Relation between War Taxation and National Productivity

In the preceding chapter we considered both the direct and indirect taxes as war imposts, each in the light of its specific effects. In the present chapter we pass to a synthetic study of their economic effects. The analytical study, as shown in the foregoing pages, brought to light the undeniable and noteworthy fact that along the line of extractive industry, especially agriculture, the increase of the land tax caused inequality of burden, although not any shrinkage in the cultivated area; that in industry the war taxes at the time of the Russo-Japanese War called forth a general inactivity, especially in such branches of manufacturing industries as turned out luxuries and other articles than munitions of war; that the domestic trade, especially that which dealt in such articles of luxury, suffered a most serious blow; that in foreign trade the increased levy in customs duties at the time of the Russo-Japanese War was chiefly instrumental in causing more goods to be imported than exported through the anticipatory importation of dutiable merchandise.[1] War taxation, however, did not bear heavily upon transportation in general, except on transportation by land, where the passenger revenue was impaired by the traveling tax on railway traffic. In monetary circulation, unfavorable results were found to some extent at the time of the Boxer Uprising, but the results were never so serious as those of the Emergency Special Taxes at the time of the Russo-Japanese War. It is true, the total yield of these special taxes since April, 1904, amounting to 200,000,000 *yen*, did

[1] Cf. table no. VII, Appendix A, *post*, p. 198.

not absorb all the capital in the monetary market, but no doubt the Treasury drew off the capital in the course of being supplied to the market, as well as circulating capital in the market. Evidently, war taxation also brought about stringency in the monetary circulation of the local market, but how far such effects were at work can not, as is the case with other instances above referred to, be specifically ascertained, independently of those upon public loans, etc. Approaching the subject of the nation's capacity to withstand extortionate taxation in emergency, the conditions of national savings before the war with China are inserted at the outset for reference:

Items	1876	1893	Increase
	Yen	*Yen*	*Yen*
Savings deposits	....	6,035,455	6,035,455
Postal deposits outstanding at a year's end	41,845	26,155,449	26,113,604
Deposits of ordinary banks	4,366,367	57,178,093	52,811,726

The contrast between the two years in the foregoing table can not lay claim to accuracy, as the system of savings in the former year was not yet well organized; but the significant development of the national savings may be readily conceived from the preceding figures. Such a growth in savings was of course a result of the increase of production. Below is given a table showing the development of production in this country between the Satsuma Rebellion and the Sino-Japanese War:

DEVELOPMENT OF PRODUCTION, 1876–1893

Items	1876	1893	Increase
Cultivated area of rice field	1,940,297 *cho* (1877)	2,769,478 *cho*	829,181 *cho*
Cultivated area of wheat field	789,799 *cho* (1877)	1,744,010 *cho*	954,211 *cho*
Gold output	93,421 *momme* (1877)	199,961 *momme*	106,540 *momme*
Silver output	2,945,417 *ounces*	18,463,621 ounces	15,518,204 ounces
Copper output	1,051,319 pounds (1877)	4,797,809 pounds	3,746,490 pounds
Coal output	499,106 tons	3,317,104 tons	2,817,998 tons
Aquatic products	8,382,280 *kwan*	86,082,815 *kwan*	77,700,535 *kwan*
Raw-silk output	584,566 *kwan* (1884)	1,233,554 *kwan*	648,988 *kwan*
Cotton-yarn output	778,433 *kwan* (1886)	10,666,744 *kwan*	9,888,311 *kwan*
Textiles output	8,275,436 *tan*	56,323,409 *tan*	48,047,973 *tan*
Matches output	10,165,615 *gross* (1889)	19,045,360 *gross*	8,879,745 *gross*

Thus, it is conceivable that the development of productivity grew from five to ten times in a period of two decades and a half, and prepared the way for the nation to stand the pressure of the war taxation. The rapid growth of productivity naturally enabled the nation to achieve marked advances in foreign trade, the entire amount of both import and export trades increasing roughly from 51,000,000 *yen* in 1876 to 178,000,000 *yen* in 1893. No less remarkable progress was made in the facilities of domestic trade and industry, the total capital of economic corporations, including agricultural, commercial, and industrial companies, as well as those for transportation by land and sea, advancing from 22,000,000 *yen* in 1884 to 209,000,000 *yen* in 1893, an increase of ten times in a decade.[1]

Turning to means of communication and transportation, we find that during the same period the total mileage of railways increased from 26 miles (Japanese) to 788 miles, an increase of 762 miles; the total tonnage of steamships increased from 40,248 tons to 110,205 tons, an increase of 69,957 tons; the total length of telegraph lines increased from 2,214 miles (Japanese) to 10,231 miles, an increase of 8,017 miles; the total length of postal lines increased from 13,383 miles (Japanese) to 23,745 miles, an increase of 10,362 miles; the total amount of mail matter increased from 32,031,174 pieces to 319,740,556 pieces, an increase of 287,709,382 pieces. Such marked advances in the means of communication and transportation greatly aided the growth of monetary circulation, obviously serving the same end as the corresponding increase of funded capital.

Passing now to the development of monetary and credit facilities in the corresponding period, we know that the circulation of currency increased from 164,299,149 *yen* to 238,498,319 *yen*, an increase of 74,199,170 *yen*; the total number of bills cleared increased from 25,304,350 to 211,619,531, an increase of 186,315,181; the total number of postal

[1] The figures for 1876 were not available, but if the same rate holds, presumably the increase may amount to twenty times as much.

money orders issued increased from 257,443 to 3,372,036, an increase of 3,114,593; the total amount of bills of exchange issued for remittance through banks increased from 18,980,310 *yen* (taking the accounts of the national banks for the second half of 1876 and the first half of 1877) to 185,447,531 *yen* (taking the accounts of all the banks). Facilities of monetary circulation, organized for the purpose of regulating such media of exchange, showed equally significant progress; for instance, the total amount (nominal) of capital of banks increased during the corresponding period from 4,550,000 *yen* to 111,634,590 *yen*, an increase of 107,084,590 *yen*, or the enormous advance of about twenty-five times.

Such is the growth of national wealth from the Satsuma Rebellion to the Sino-Japanese War. Of course, the above figures do not signify any corresponding increase of national net profit, but the truth can not be denied that military and war taxes, which amounted to nearly 10,000,000 *yen* after the Satsuma Rebellion, did not hinder the progress of our national economy.

Turning next to the economic development after the Sino-Japanese War, with special reference to the quantity and efficiency of national production, we give opposite a table illustrating the marked advances made in the economic activities of the nation, and consequently in the objects of taxation, during a period of nineteen years from 1893 to 1912.

In view of these figures, the reader can see that while the currency in circulation increased only three times, due to the development of credit instruments, the import trade increased 570 per cent and the export trade 690 per cent in a period of nineteen years. Other items, such as the paid-up capital of banks, deposits and savings, amount of life insurance, written up and taxable incomes, all increased in corresponding proportion, the rates ranging downward from thirty to seven times, averaging, in all probability, something like eight or nine times. During the corresponding period, the total revenue of taxation (inclusive of monopoly profits)

Advances in Economic Activities of Nation, 1893–1912[a]

(in thousands of yen)

Year	Exports		Imports		Currency in circulation		Paid-up capital of banks		Deposits of ordinary banks		Postal savings		Deposits of savings banks		Paid-up capital of companies		Life insurance written up		Taxable incomes	
	Amt.	Rate of inc.	Amt.	Rate of inc.	Amt.	Rate of inc.	Amt.	Rate of inc.	Amt.	Rate of inc.	Amt.	Rate of inc.	Amt.	Rate of inc.	Amt.	Rate of inc.	Amt.	Rate of inc.	Amt.	Rate of inc.
	Yen	*Per cent*	*Yen*	*Per cent*	*Yen*	*Per cent*	*Yen*	*Per cent*	*Yen*	*Per cent*	*Yen*	*Per cent*	*Yen*	*Per cent*	*Yen*	*Per cent*	*Yen*	*Per cent*	*Yen*	*Per cent*
1893	90,434	100	89,430	100	200,654	100	62,916	100	38,426	100	26,155	100	....	....	148,353	100	23,043	100	91,313	100
1896	131,126	145	188,718	211	290,274	145	167,271	269	141,937	369	28,479	109	....	...	397,564	141	83,185	275	127,283	140
1899	177,875	195	274,170	306	311,111	155	208,376	331	201,741	526	26,157	100	33,034	100	532,522	359	119,662	520	147,676	162
1902	258,303	285	271,731	303	355,606	176	372,950	592	536,702	1,396	28,804	110	84,965	257	878,763	598	181,651	700	432,090	475
1903	289,502	320	317,135	355	362,456	181	374,685	595	566,227	1,473	31,471	120	106,707	324	887,606	599	206,837	899	478,421	525
1906	423,754	469	418,784	480	508,442	254	541,736	862	1,033,762	2,690	72,266	200	200,661	608	1,089,965	737	275,769	1,191	618,975	679
1907	432,412	477	494,467	553	514,513	257	607,195	965	944,295	2,459	91,531	235	218,743	663	1,114,227	750	350,188	1,522	671,635	737
1910	458,428	507	464,233	519	602,549	301	671,441	1,067	1,185,697	3,088	161,026	615	277,683	841	1,481,401	999	538,167	1,904	824,817	901
1911	447,433	495	513,805	588	549,421	375	741,753	1,179	1,256,247	3,269	183,513	702	311,983	945	1,549,973	1,054	646,168	2,721	866,701	951
1912	526,981	571	618,992	692	664,749	332	....	...	1,338,314	3,482	197,293	755	329,135	997	....	...	....	....	960,202	1,054

[a] This table is quoted from *Report on Monetary Circulation and Statistical Annal for the Empire of Japan.* The figures for currency in circulation, paid-up capital of banks, various deposits, paid-up capital of companies, and contract amount of life insurance are those existing at the end of the year, but the figures given for deposits of ordinary banks and for deposits of savings banks for 1912 are those existing at the end of June. In place of the figures for paid-up capital of companies for 1893 are given the figures for 1894.

increased six times, while the per capita burden of war taxes advanced about nine times, which fact is conclusive proof of the truth that the nation's capacity to stand the extortion of compulsory charges generally keeps pace with the advancement of the burden of war taxes. The specific effect of each individual war tax, as has previously been pointed out, is not, on the whole, of an excessively detrimental nature.

War Taxes and Livelihood of the Nation

The preceding pages have been mainly employed to indicate the effects of war taxes on the quantity and quality of production, viewed from the standpoint of national economy. The net profit of national production, however, does not grow with the development of those numerous items, hitherto pointed out, that work together to indicate the true condition of national wealth and well-being. The amount of capital invested, or the deposits held by banks or companies, or the amount of insurance money, or, again, the incomes subjected to the income tax, are all signs of the nation's income brought under the charge of direct taxes. The war taxes, as has been stated above, consisted, for the most part, of indirect, and not direct, taxes, and, therefore, the growth shown in these signs of national wealth and welfare can not be admitted as evidence of the effects produced by war imposts on the livelihood of the nation at large. The real influence of those taxes must be ascertained by depicting the relationship between the taxes and the incomes of the small-income earners, which are by far the most susceptible to the rise of general prices due to the advancement of indirect taxes. That the burden of the Japanese war taxes borne by the small-income earners was the heaviest with the laboring classes and the poorer peasantry is easy to understand from what was stated in the preceding chapter. By way of providing an illustration, a table is inserted here, indicating the relation between the growth of direct and indirect taxes and the wages of carpenters, plasterers, dyers and day laborers:

RELATION BETWEEN INCREASE OF TAXES AND WORKMEN'S WAGES, 1896–1912

Year	Wages								Taxes		
	Carpenters		Plasterers		Dyers		Day laborers		Direct	Indirect	Total revenue
	Amount	Rate of increase	Amount	Rate of increase	Amount	Rate of increase	Amount	Rate of increase			
	Yen	*Per cent*	*Yen*	*Per cent*	*Yen*	*Per cent*	*Yen*	*Per cent*	*Per cent*	*Per cent*	*Per cent*
1893	.270	100	.270	100	.202	100	.184	100	100	100	100
1896	.380	140	.381	141	.254	116	.262	142	100	122	109
1897	.437	161	.432	160	.288	131	.286	155	110	177	135
1902	.583	232	.593	219	.300	150	.390	216	143	386	251
1903	.588	217	.610	226	.328	164	.400	221	144	377	250
1906	.645	238	.653	242	.365	183	.423	235	323	779	535
1907	.748	273	.763	282	.418	209	.485	265	328	914	574
1910	.800	295	.830	307	.488	244	.533	296	329	921	580
1911	....	....	....	....	....	....	....	....	346	956	602
1912	....	....	....	....	....	....	....	....	323	943	588

The foregoing table shows that the wages of general working men in this country have increased about three times since 1893, and those of factory laborers even less than that, as the latter usually rise much slower than the former.[1] On the other hand, the indirect taxes show an increase of as much as nine times during the corresponding period. Of course, not all the burden of indirect taxes is shifted to the consumer, and to measure the pressure of the taxation on working men merely by the consideration of indirect taxes would be too uncertain; but the load doubtless falls more heavily upon the laboring class than upon any other class of income earners. If the relation between the prices and the wages and the conditions of the working-men's livelihood are brought in evidence, the above statement can be confirmed as more than a mere surmise.

According to the statistics relating to the index numbers of general prices, prices of rice and wages in this country, prepared by the Department of Agriculture and Commerce, the rates of increase during a period of twelve years between 1900 and 1911 are 49 per cent for prices of rice, 26 per cent for prices of general commodities, and 53 per cent for wages. Thus, it may be seen that the rate of increase for wages is larger than for prices of rice or of other commodities in general, forming an evident exception to the rule that the rise in wages is invariably behind that in general prices. This seeming anomaly is manifestly assignable to the marked advances made in industrial enterprises since the two great wars with China and Russia. However, it must not be supposed that because of the greater rise in wages the laboring classes were not subject to the influence of the higher cost of living due to war taxes or to excises in particular. For all that appears to the contrary, the burden of taxes did fall much heavier on the working men, than on any other class, whose incomes, as can be seen from the above statement, showed a growth far more rapid than the laborers' wages. According to more recent statistics pertaining to the income

[1] Cf. table no. VIII, Appendix A, *post*, pp. 199-200.

and expenditure of the Japanese workman, the average household expenditure of a normal laborer of medium income, employed in such industries as filature, spinning, printing (including typography) or paper manufacture, for a family of four, consisting of the master, mistress and two children or elders, living in an ordinary working-man's house, is as follows:

	Yen	*Yen*
Monthly earnings:		
Master (84 per cent)		18.00
Wife, by light home occupation (14 per cent)		3.00
Monthly expenditures:		
House rent (17 per cent)	3.50	
Food (59 per cent)	12.50	
Clothing (5 per cent)	1.00	
Insurance, etc.	.60	
Education and medical treatment (19 per cent)	.30	
Sundries	3.10	
Total	21.00	21.00

Thus, it may be observed no surplus is left in the working-man's household account. The case cited below is that of an average female laborer employed in a textile industry and living in the factory quarters.

	Yen	*Yen*
Monthly earnings		9.00
Monthly expenditures:		
Boarding (33 per cent)	3.00	
Relief society dues (3 per cent)	.30	
Cooperative fund instalment (3 per cent)	.30	
Remittance home and savings (22 per cent)	2.00	
Sundries (38 per cent)	3.40	
Total	9.00	9.00

Thus, just a slight margin for savings is left in the case of a female operative, in contrast with that of an independent family supporter. In the above accounts, the conditions in factories of medium size were taken; but if the conditions in each specific factory were available, the working-man's family accounts would present quite a different aspect, mostly, perhaps, ending in a deficit. It goes without saying that the higher cost of rations and other necessaries, occasioned through higher taxes on consumption, would exert a most serious influence on Japanese working men, living, as they do, within such a narrow financial margin.

As another example of a class heavily burdened by excises, we have the Japanese small farmers. According to the rural statistics of 1912, the total farming population in Japan amounted to more than half the total population, the number of farming families (*ko*) being 5,438,051 out of a total of 9,422,999 families. Of the total number of Japanese families, more than 5,500,000 subsist by purchasing rice, and, again, of this latter number nearly 2,339,550 families belong to the small farming class owning less than 5 *tan* of land per family. In other words, more than half the number of families in need of purchased rice belong to the small peasantry. They suffer doubly from war levies, being subject to direct as well as indirect taxes. By way of illustration, a household account of a Japanese farming family is here given:

HOUSEHOLD ACCOUNT OF A FARMING FAMILY[a]

Items	1890		1899		1908	
	Land owners	Tenants	Land owners	Tenants	Land owners	Tenants
	Yen	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*
Earnings:						
From rice and upland fields	195	143	298	211	409	281
From gardening, cattle-breeding, special crops, etc.	33	12	58	18	76	23
From manure	29	26	40	33	51	45
Sundries	16	22	26	37	31	45
Total	273	203	422	299	567	394
Disbursements:						
Food	100	73	153	104	204	142
Manure	39	33	63	47	86	62
Charges	19	1	31	2	56	4
Clothing	18	9	37	14	36	..
Housing	7	..	10	..	13	..
Education	5	..	8	..	13	..
Fuel	5	3	8	4	11	5
Wages for hired labor (or rent)	4	63	7	95	10	142
Sundries	49	18	75	28	109	40
Total	246	200	382	294	538	395
Balance	27	3	40	5	29	1

[a] Prepared by the Dai-nihon-nokai, 1912. Averages taken of land-owning farmers in 18 places and of tenant farmers in 16 places.

Thus, the net revenue of both landowning and tenant farmers has been decreasing steadily since the war with Russia, resulting even in a deficit of 1 *yen* with the latter in 1908. Of course, this can not be wholly attributed to taxes; but that their effects, whether direct or indirect, played a part by no means insignificant, can not be disputed. Nor can the fact be denied that many of the debts incurred by the Japanese middle classes and small farmers, living in these restricted circumstances, are due mainly to taxation. The latest returns place the total amount of debts of the farming classes at the enormous sum of 750,000,000 *yen*. As the figures showing the fluctuations of this amount are not available, we must be satisfied with the following record of the amount of loans contracted on security of land, which, if the usual proportion holds, corresponds to about half the total debts of the farming classes. Even a cursory examination of the returns of loans on security or in pledge of land, or those of the amount of sale or purchase of land in the whole country, will not fail to suggest that the almost sudden increase of those figures since the Russo-Japanese War owes much to the extortionate imposition and increase of emergency taxation at the time and after the great war of 1904–5, not to speak of the general development of post-bellum industry, which called forth a universal and instigating tendency to convert real estate into circulating money capital.

War Taxes and Movements of Population

In the preceding pages we have briefly stated how the war taxes imposed an unduly heavy burden upon the laboring classes, both in cities and in the country, as well as upon the rural small peasantry. Other things being equal, the movement of population evidently follows the line of least resistance, or, to put it in economic terms, the line of least pressure on its economic activity. One of the most important tendencies in the modern industrial world—the migration of rural populations toward cities, with all its complexity of causes

CONVERSION OF REAL ESTATE INTO MONEY, 1899–1910

Year	Loans contracted on security or in pledge of land	Amount of sale of landed property
	Yen	*Yen*
1899	180,090,995	121,684,938
1900	184,178,211	149,575,480
1901	208,076,721	156,095,620
1902	209,616,005	174,655,486
1903	217,350,759	148,809,121
1904	189,358,082	169,195,021
1905	162,469,759	220,980,075
1906	235,808,434	258,140,947
1907	236,189,102	218,001,045
1908	252,416,732	232,846,571
1909	326,413,059	259,234,170
1910	359,564,241	297,693,029

and effects—is to be mainly accounted for by the relatively hard pressure upon the livelihood of the farming class. Although space forbids minute inquiry as to the distribution of the burden of taxation between urban and rural populations, suffice it to conclude that, in view of the composition of urban and rural populations and of the existing proportion of direct taxes borne by them, the rural populace has borne and still bears a heavier burden of taxation than the urban population. The leading features of the natural and social increment of our population will be studied first.

Census-taking in Japan has not been brought up to date, and scientifically the returns in the Statistical Annals published by the Cabinet are comparatively valueless. The figures, however, concerning the general aspects of the expansion of our population, as far as a record is available, are given below:

Year	Population
1726 (Eleventh year of Kyoho)	26,548,998
1750 (Third year of Kwanyen)	25,917,830
1804 (First year of Bunkwa)	25,621,957
1846 (Third year of Kokwa)	26,907,625
1872 (Fifth year of Meiji)	33,110,825
1883 (Fifteenth year of Meiji)	36,700,118
1892 (Twenty-fifth year of Meiji)	41,089,940
1902 (Thirty-fifth year of Meiji)	46,022,476
1912 (Forty-fifth year of Meiji)	51,748,600

The figures for the Tokugawa Era, placing the population of the entire land at about 25,000,000, must be left outside our review, as the returns are not sufficiently accurate. Restricting our consideration to the Meiji period, therefore, we obtain an increment of about 5,000,000 in ten years, or an annual average increase of 500,000. Regarding the returns for 1892 as 100, the figures for 1902 stand at 112, and those for 1912 at 125, or, roughly, an increase of 25 per cent in a period of twenty years.

Further, as to the composition and expansion of rural and urban populations, we see that, in a period of twenty years between 1888 and 1908, the rate of increase is no higher than 18 per cent with towns and villages of under 20,000 population, whereas with cities of above 20,000 and under 100,000 population it reaches 208 per cent, and with cities of above 100,000 population it is as high as about 230 per cent, as shown below:

INCREASES IN POPULATION, 1888–1908

Year	No. of towns and villages of under 20,000 population	Population	Ratio of increase (1888=100)
1888	71,295	35,874,298	100
1893	15,810	37,275,893	106
1898	13,947	39,384,980	109
1903	13,224	40,974,921	111
1908	12,351	42,430,105	118
Year	No. of cities of 20,000–100,000 population	Population	Ratio of increase (1888=100)
1888	50	1,808,726	100
1893	61	2,270,110	120
1898	72	2,520,151	139
1903	80	3,098,251	171
1908	95	3,775,540	208
Year	No. of cities of above 100,000 population	Population	Ratio of increase (1888=100)
1888	6	2,422,455	100
1893	6	2,514,973	104
1898	8	3,497,910	144
1903	9	4,469,564	185
1908	10	5,536,835	229

The foregoing tables indicate how far the concentration of the Japanese population into urban districts has been going on in recent years. In 1893 the total population in cities of above 25,000 inhabitants stood at 4,785,083 out of a total population of 41,089,940 (for 1892), or approximately one-eighth of the latter, whereas in 1908, after the two great wars, the urban population increased to 9,312,375 against the total of about 45,000,000, the rate being enhanced to roughly one in five. In other words, the urban population increased from 10 per cent to 20 per cent of the total population, that is, the ratio was doubled in an intervening period of fifteen years.

This expansion of the urban population is not due to the increase of births in cities but to the migration of the rural population toward cities, as is the case with countries in Europe and America. To cite an illustration, the inhabitants of Tokyo at the end of December, 1915, increased by about 102,700 over the previous year, resulting in an increase of 5.3 per cent. The corresponding rate for Osaka is 4.3 per cent and for Kyoto 2.5 per cent.

The births for the same year numbered 53,216, while the deaths were 37,600, the excess of the former over the latter being no more than 15,616. Thus, roughly, 80,000 inhabitants are all immigrants from rural districts. This is only one out of many similar instances, and we may fairly presume that the above fact holds true with many Japanese large cities with above 100,000 inhabitants.

Turning our attention to the rural population, the rate of increase in the population of Japanese towns and villages of under 20,000 inhabitants was about 18 per cent in a period of twenty years between 1888 and 1908. An investigation by the Department of Commerce and Agriculture, relating to twenty-five villages in Kwansai and eighteen villages in the Northeastern District, shows that, in a decade between 1890 and 1899, the number of farming households in Kwansai increased from 526 to 534, or an increase of about 1.5 per cent while those in the Northeast increased from 593 to 609,

or an increase of 2.1 per cent, averaging an increase of 1.8 per cent for both districts. In the following decade, that is, from 1899 to 1908, the number climbed from 534 to 538 in Kwansai, or an increase of only .7 per cent, and from 605 to 635 in the Northeast, or an increase of 4.9 per cent, averaging an increase of 2.8 per cent for both. On the other hand, the rate of increase in the rural population during the decade from 1890 to 1899 figured at 9.3 per cent in Kwansai and 7.5 per cent in the Northeast, averaging an increase of 8.5 per cent, whereas the rate shrank in the following decade (1899 to 1908) to 1.8 per cent for Kwansai and 1.4 per cent for the Northeast, averaging 1.6 per cent, or a decrease of about 7 per cent against the rate of the preceding decade. The investigation with reference to the migration of the Japanese farming population toward cities has not been completed, and the figures do not claim any near approach to accuracy. According to the returns, in part prepared by the Department of Agriculture and Commerce, the number of Japanese farmers who went abroad for work amounted to 29,000 during the five years from 1898 to 1903, and the removals into cities in the same period amounted to 175,000, resulting in a total of 204,000. These figures, however, seem to me to be a conservative estimate. As above stated, during a period of fifteen years, from 1893 to 1908, the population of the cities of above 25,000 inhabitants increased by about 3,700,000, averaging 240,000 per year. The natural increase of urban population being placed at approximately 40,000 per year, the remaining 200,000 must be the annual migrants into cities. Moreover, Tokyo alone boasts of an annual increment of about 80,000 inhabitants for the fiscal year 1912–13, doubtless through the migration of the inhabitants of rural districts. If the returns of the Department of Agriculture and Commerce were correct upon this point, our urban migrants from the country must have expanded with an appalling rapidity since 1903.

The leading features of both the natural and social increment of the Japanese population have been briefly stated.

Approaching the subject from the viewpoint of social increase, the ratio of the urban population (in cities of over 20,000 inhabitants) to the total is no more than 20 per cent, and, as a matter of fact, Japan has not as yet extricated herself from her time-honored position of being an agricultural country. It follows naturally, in such a state of affairs, that the peasantry shoulders, comparatively speaking, the largest burden of taxation. But the expanding tendency of the urban population has become more and more marked from year to year, especially since the Russo-Japanese War. This was by no means occasioned through economic causes alone; but, among others, one fact must be mentioned, which is that an increased burden of taxation can not but oppress, as it virtually does at present, the economic life of the small peasantry in the country. We must also admit, in conclusion, that war taxation, both at the time of and after the Russo-Japanese War, was instrumental, in a measure, in bringing on this important tendency.

CHAPTER IV

EFFECTS OF WAR TAXATION ON FINANCE

Effects of War Taxes on State Finance

In the preceding pages we have pointed out how war taxes affect the livelihood of the nation by their influence upon the quantity and quality of production. Taxes and their effects exert a mutual influence upon each other in the endless chain of causality. National income is reduced, in the long run, by taxation, and thus the resouces of state and local finance are impaired. On the other hand, advances in prices, due to taxes on foodstuffs, clothing, and other articles of daily necessity, give rise to higher cost of production, to higher wages, and, consequently, to higher prices of general commodities, which must, in their turn, affect public expenditure. Expansion in public expenditures, again, brings about a rise in general prices and in wages, and the higher cost of production thus occasioned influences unfavorably the development of national economy. Thus, cause and effect act and react endlessly one upon the other. However, an isolated observation on each indirect effect of an economic phenomenon is precluded; and here, as elsewhere, we have to restrict our attention to cases where the direct and plain effects upon public finance of war imposts are discernible.

To go back to taxes at the time of the Restoration, we find them generally very susceptible of evasion and lacking in elasticity, perhaps due to the inefficacy of state power as well as to the still undeveloped condition of our economic progress. Taxes, as a matter of fact, generally affected unfavorably the public finance; but then the amount levied for warlike purposes was only 3 per cent of the total revenue of taxation for the first period and no more than 16 per cent for the second. So evidently their effects were far from

being conspicuous. Since the third period—the Sino-Japanese War—war taxes have shown material increases, their total average between 1893 and 1903 (fiscal) constituting 46 per cent, or approximately half of the total revenue of taxation, until it attained, after 1903, that is, after the memorable war with Russia, 65 per cent of the entire tax revenue. Just as war and military expenses represent the greater share of public expenditures, so war taxes constitute the main part of the state revenue, and the question of the financial effect of taxes becomes a question of how far war taxes affect the public finance of the nation. Now, the problem before us is whether those enormous war taxes could raise sufficient proceeds to meet the large amount estimated necessary for war purposes, and whether the revenue accrued from war imposts is able to meet the elastic exigencies of national finance. For the present purpose we have to leave outside our comment those increased levies imposed to provide for the post-bellum measures after the war with China, for they were not introduced to defray direct war or military expenses; though they are, of course, war taxes in the wider sense. The taxes levied since the time of the Boxer Uprising had, in the main, no evil influence upon public finance. The excises and the customs duties, introduced or increased at the time of the Boxer Trouble, despite the fact that their actual proceeds of 16,000,000 *yen* for 1902 (fiscal) came rather short of the anticipated revenue of over 21,000,000 *yen*, could fulfil their main object of paying off the war expenses and replenishing the fund intended to defray them. The enormous increases of taxes at the time of the Russo-Japanese War accomplished more than was anticipated, having brought forth, as was mentioned in Part I, an excess of 26,000,000 *yen* over the estimated revenue.

For a clear comprehension of the financial aspects of the great emergency increases of war taxes, the reader is referred to the official returns, drawn up by the Finance Department, pertaining to the actual conditions of tax revenues for 1904–6 (fiscal), with special reference to the more important items

of war taxation. In spite of the immense increases of the assessment by the emergency special taxation measure, the fact can not be lost sight of that fairly favorable results are found in the official report. For instance, the ratio of the amount of the land and four other taxes, duly paid into the national or local treasury, within the prescribed term, was 93.8 per cent in 1903 (fiscal,) 94.5 per cent in 1904, 95.2 per cent in 1905, and 95.3 per cent in 1906. The details are shown below:

REVENUE FROM WAR TAXES, 1903–1907

Fiscal year	1903–4	1904–5	1905–6	1906–7
	Per cent	*Per cent*	*Per cent*	*Per cent*
Land tax	93.6	95.0	96.1	96.1
Income tax	87.2	90.8	88.9	87.7
Business tax	82.0	94.4	86.7	84.7
Sake tax	96.0	97.1	98.3	99.1
Soy tax	97.1	97.9	97.5	98.5
Average	93.8	94.5	95.2	95.3

Further, the ratio that the actual payment bore to the total assessment of taxation was 99.67 per cent in 1904, 99.76 per cent in 1905, and 99.81 per cent in 1906, as indicated in the following table:

RATIO OF WAR TAX REVENUE TO TOTAL ASSESSMENT

Fiscal year	Assessment	Revenue	Ratio
	Yen	*Yen*	*Per cent*
1904–5	206,213,007	205,549,575	99.67
1905–6	282,194,951	281,542,924	99.76
1906–7	318,260,229	317,671,048	99.81

The amount of loss to the Treasury and the outstanding tax revenue for each fiscal year is contrasted as follows:

OUTSTANDING TAXES AND LOSS TO THE TREASURY

Fiscal year	Loss	Outstanding revenue	Total
	Yen	*Yen*	*Yen*
1903–4	415,407	588,025	1,003,432
1904–5	386,463	276,458	662,921
1905–6	313,914	338,112	652,026
1906–7	269,575	319,605	589,180

Thus, the amount of loss to the Treasury through failure to pay the taxes decreased, as contrasted with the previous year, by 30,000 *yen* for the fiscal year 1904–5, 70,000 *yen* for 1905–6, and 50,000 *yen* for 1906–7. The outstanding receipt appear to tend slightly upward, though they are less proportionally when compared with the increase of taxation. This holds true especially as to the fiscal year 1906–7.

As to the recovery of taxes in arrears the amount shows a slight increase from year to year, leaving out of account, of course, arrears carried forward from the preceding fiscal year, that is, taking into consideration only the amount assessed in the same fiscal year. This increase is an inevitable consequence of increased taxation; but when scrutinized more closely, considering the weight of the additional burden, the arrears are rather small in number. The number of defaulters, to whom notices were issued, was put at 560,000 in 1904–5, an increase of about 10 per cent over the previous year, and 600,000 in 1905–6, an increase of 7 per cent. The number of those whose property was attached stood at 50,000 in 1904–5, a 20 per cent increase over the preceding year, and 60,000 in 1905–6, about 13 per cent above the figure for the foregoing year. The number of defaulters subject to final judicial disposition was placed at 8,000 in 1904–5, an increase of only 2.6 per cent, and 11,000 in 1905–6, an increase of 28 per cent over the previous year. Again, the number of defaulters causing loss to the Treasury, was placed at 9,000 in 1904–5, just 8.5 per cent above the figure for the preceding year, and 11,000 in 1905–6, an increase of approximately 15.3 per cent. Thus, it is seen that notices

issued for payment and attachments on property increased in a smaller proportion in 1905–6 than in 1904–5, although the judicial dispositions carried out and the losses that ensued advanced in a reverse direction, the ratio of increase over the previous year being greater in 1905–6 than in 1904–5. This is due to the fact that in 1904–5, a year of actual warfare, the taxpayers made much of their duties and refrained from causing arrears, whereas in 1905–6 the second emergency increase imposed on them a rather extortionate burden. The amount of taxes in arrears, however, did not keep pace with the number of taxpayers, because the amount of the *sake* tax subjected to the dispositions showed a marked decrease.[1] Therefore, if the *sake* tax is excepted, the amount of arrears is in equal proportion to the number of defaulting payers. Thus, it may be seen that, whereas the amount subjected to issue of notices and attachment of property multiplied itself from year to year, the amount subjected to final judicial disposition or causing an ultimate loss to the Treasury increased with less rapidity, as indicated in the following table:

Fiscal year	Subjected to final disposition	Causing loss to the Treasury
	Yen	*Yen*
1903	12,700	71,900
1904	16,800	42,900
1905	32,300	72,500

Thus, the loss to the Treasury, through non-payment of taxes, increased in 1905–6 by only a few hundred *yen*, as against the corresponding sum in 1903–4.

Such was the state of affairs at the time the Emergency Special Tax Law was enacted, and from the above statement on the revenue from general taxes we may safely conjecture that those emergency taxes did not exert an evil effect in any considerable degree upon the state finance of this country.

[1] Cf. table no. IX, Appendix A, *post*, pp. 201–2.

Proceeding to a consideration of the methods and the incidental expenses attending the collection of these taxes, it is noted that at the time of introducing the increased tariffs the government did not establish a special office of tax collector, bringing to the work as a rule, the existing officials, and therefore did not have recourse to any reinforcement of the staff. Neither did the government increase the number of the personnel for putting the new taxes into operation, except where the business of collection, inspection, supervision, and other similar duties, requiring authority directly and externally, made an addition of the staff indispensable. On the contrary, internal affairs were entrusted, as far as possible, to the existing officials. In connection with the enactment of the emergency increase, the following personnel was added to the government staff: Three engineers of the Revenue Superintending Bureau, 51 clerks and 28 assistant engineers of the same bureau; 998 clerks of the Taxation Office, 104 assistant engineers of the same office, 24 assistant revenue secretaries, 11 customs inspectors, 16 assistant customs surveyors, and 55 land waiters, making an aggregate of 1290 persons. These were apportioned as follows: 136 for the woolen fabric excise, 6 for the export duty of Okinawa Prefecture, 21 for the sugar excise, 32 for import duties, 1,029 for the textile-fabric excise, and 66 for the succession tax.

So much for the agents created for the purpose of carrying out the increased tax program. The incidental expenses were all disbursed out of the emergency appropriations, which were grouped into three main items: Expenses of revenue superintendence, expenses relating to internal taxes, and expenses relating to customs duties. The expenditures classified and apportioned according to each kind of special tax, are as given below:

INCREASES IN EXPENDITURES FOR THE ENACTMENT OF THE EMERGENCY SPECIAL TAX LAW (A)

Items	1904–5	1905–6
	Yen	*Yen*
Expenses for revenue superintendence:		
Salaries and allowances	2,760,000	5,048,000
Office expenses	813,750	2,352,000
Traveling expenses	1,735,500	2,576,500
Miscellaneous allowances and expenses	1,187,250	2,360,390
Total	6,496,500	12,309,890
Expenses for collection of internal taxes:		
Salaries and allowances	93,317,000	336,492,000
Office expenses	27,030,540	68,188,000
Traveling expenses	163,940,620	184,699,090
Miscellaneous allowances and expenses	97,528,000	100,910,000
Sundry expenses for stamps, licenses, etc.	35,914,000	7,619,820
Expenses for the register of names	....	104,830,000
Expenses of investigating the succession	....	702,030
Total	417,730,160	803,440,940
Expenses for customs duties:		
Salaries and allowances	21,596,000	28,111,500
Office expenses	4,182,000	3,701,000
Traveling expenses	766,000	550,000
Miscellaneous allowances and expenses	6,612,500	10,681,000
Total	33,156,500	43,043,500
Grand total	457,383,160	858,794,330

INCREASES IN EXPENDITURES FOR THE ENACTMENT OF THE EMERGENCY SPECIAL TAX LAW (B)

Fiscal year	1904–5	1905–6
	Yen	*Yen*
Land tax	74,084	104,830
Income tax	35,924	37,869
Business tax	36,224	38,244
Export duty on *sake* for Okinawa Prefecture	2,633	2,632
Petroleum excise	4,342	....
Sugar excise	14,811	15,251
Textiles excise	249,708	561,946
Succession tax	....	61,843
Total	417,730	822,615

The foregoing table indicates that the total collection expenses amounted to 457,383 *yen* in 1904–5 and 858,794 *yen* in 1905–6. Contrasting this with the total revenue of the first and second emergency increases for 1906–7—145,000,000 *yen*—the collection expenses for which are assumed to be approximately the same as for the preceding fiscal year, we can put the ratio of expenses at about 57 *sen* per 100 *yen* of revenue. The ratio of collection expenses to the total revenue of taxation (except monopoly revenue) since 1891 has ranged from 1.60 *yen* to 3 *yen* per 100 *yen*, and in view of this record the expenses incurred in collecting the emergency imposts may fairly be said to have been rather small—smaller in proportion than the collection expenses of taxes in general.

Turning to the conditions of the tobacco and salt monopolies, equally favorable results are observed from year to year. In the first year of the introduction of the salt monopoly, the total revenue stood at 13,987,000 *yen* and the expenditure at 7,288,566 *yen*, giving a net profit of 6,723,091 *yen*, which was short of the estimate by 1,755,000 *yen*. In the second year (1906–7), the revenue amounted to 24,000,000 *yen*, the expenditure to 11,776,000 *yen*, and the profit to 12,340,000 *yen*, resulting in the far smaller shortage of 340,000 *yen*. As for the tobacco monopoly, the first year of its enforcement realized a gross revenue of 45,430,000 *yen*, from which an expenditure of 17,975,680 *yen* being deducted, the net profit amounted to 27,462,000 *yen*. In the next fiscal year (1905–6), the revenue was 68,416,000 *yen*, the expenditure 34,814,000 *yen*, and the profit 33,602,000 *yen*, and in the third year (1906–7), the revenue was 78,000,000 *yen*, the expenditure 45,370,000 *yen*, and the profit 32,573,183 *yen*. The excess over the estimated surplus made a better showing in each successive year, as indicated below:

PROFIT OF TOBACCO MONOPOLY, 1904–1907

Profit	1904–5	1905–6	1906–7
Estimated	20,194,811	32,011,072	30,289,089
Real	27,462,007	33,602,057	32,573,183
Balance	7,267,196	1,590,985	2,284,094

The above two monopolies were united, together with that of camphor, which was later adopted, under the control of the Monopoly Bureau. The profit and loss account of the bureau since the amalgamation of control is given below:

PROFIT OF COMBINED SALT, TOBACCO AND CAMPHOR MONOPOLIES

Fiscal year	Revenue	Expenditure	Profit	Ratio to revenue	Ratio to expenditure
	Yen	*Yen*	*Yen*	*Per cent*	*Per cent*
1908–9	124,377,081	62,957,932	61,419,149	49.4	97.6
1909–10	123,089,983	64,640,600	58,449,382	47.5	90.4
1910–11	124,658,888	62,569,315	62,089,573	49.8	99.2
1911–12	123,819,847	60,483,748	63,336,099	51.2	104.7
1912–13	129,216,214	63,200,695	66,015,518	51.1	104.5

The increase of the net profit for years in succession is due to material advances made in salt and tobacco profit, especially the latter. With such immense increases of the war imposts, the conditions of revenue were so favorable that we may fairly conclude that these levies did not exert any serious consequences upon Japan's state finance.

EFFECTS OF WAR TAXES ON LOCAL FINANCE

Thus far we have succinctly considered the effects of war taxes on state finance. Their effects on local finance remain to be studied, and, by way of introducing the problem, a few words about the history of Japanese local taxation will not be out of place. The distinction between national and local taxes was first introduced by a decree of September, 1876, followed by another in July, 1878, which drew up general regulations on local taxes, fixing their kinds and regulating the uses to which the money derived from them should be put.

Things remained substantially the same, notwithstanding several subsequent amendments of the decree, until the Act of 1888, concerning the organization of cities, towns, and villages, was issued, by which the system of local self-government was introduced, the right of taxation recognized, and the kinds of local imposts fixed. The items of local taxation in 1890 were as follows: land rate, business rate, and income rate, all of which were levied as prefectural surtaxes; miscellaneous business rates and household rate, or house duty, which may be classed as prefectural independent taxes. Added to these are municipal taxes, which include the land rate and the income rate and are supplementary to the national taxes. Then come the household rate, or house duty, the business rate, levied as surtaxes to prefectural taxes, agricultural land rate, and some others, including the surtaxes to indirect taxes imposed as independent taxes.

In 1896, to meet the financial exigencies after the war with China, the business tax, hitherto collected as a local impost, was transferred to the national Treasury, and some other moves in the direction of adjusting the tax system were effected. Thus, such national taxes as ship money, vehicle tax, confectionery tax, license taxes on horses and oxen, and business taxes on tobacco and barm, which could more advantageously be levied for local purposes, owing to the immense expense of collecting them, were transferred to the local treasury. Moreover, restrictions were made on different items of assessment of the business tax, dividing the sources of taxation between the national and local chests, thus preserving the financial resources of the locality. In 1899 an 8 per cent increase of the land tax was introduced for a period of five years, in order to meet the large outlays involved in the post-bellum undertakings; but the assessment of a supplementary rate was precluded by Law No. 43, of 1899, which stipulated that no prefectural or communal taxes should be added to the tax on dwelling, cultivated, and other lands specially increased for the five fiscal years from 1899 to 1904. As has repeatedly been mentioned, the Russo-Japanese War of 1904–5 occasioned heavy emergency increases of all national taxes, nearly doubling the rates of the

direct taxes on land, income, and business. The Emergency Special Tax Law, however, strictly prohibited any addition by the communal authorities to the increased direct taxes, while, on the other hand, the government began to adopt measures for economy of local expenditures and fixed a limit on the prefectural and communal surtaxes. The emergency increase taxation had to continue long after the cessation of hostilities, in order to meet the ordinary expenditures incidental to the immense increases in national loans and pensions caused by the great war, and consequently in 1908 a special law pertaining to the restriction of local taxation was enacted. Again, in 1910, the original and the emergency rates were put together and made the fixed rates of the national taxes, on which the limits to the communal taxes were based. Thus, the law of 1908, pertaining to the restriction of local taxation, was amended and has since remained unchanged. Following in further detail is a comparison of the war imposts since the Russo-Japanese War and the limits to the communal taxation as contrasted in chronological order, instances of wider application being chosen, i.e. the land tax on upland fields, the business tax on sale of goods as assessed on the rent of the building used, and the income tax of the third kind as assessed on incomes of over 1,000 *yen*:

COMPARISION OF WAR IMPOSTS AND LIMITS TO COMMUNAL TAXATION

Items	Land tax on upland fields	Business tax	Income tax
Original national rates[a]	2.05 of assessed value	.04 of rent of building	1.05 of income (1,000 *yen*)
Limits to the local taxation by the Emergency Law, 1904[b]	.50 (prefectural) .30 (communal)	.30 (prefectural and communal)	.30 (prefectural and communal)
Limits to the local taxation by the Law of 1908	.60 (prefectural) .40 (communal)	.25 (prefectural) .35 (communal)	.10 (prefectural) .35 (communal)
Total original rates	.05	6.04	3.75
New national rates	4.07 of assessed value	.09 of rent of building	1.05 of income
New limits to the local taxation by the Law of 1910	.32 (prefectural) .21 (communal)	.11 (prefectural) .15 (communal)	.04 (prefectural) .15 (communal)
Total new rates	8.91 of assessed value	11.34 of rent of building	8.85 of income

[a] In case of emergency or of extraordinary necessity, the local authorities are permitted to impose 12 per cent of the original national rates in excess of the above limits.

[b] The limits to local taxation in this table are all designated in rates proportional to the original national taxes. [The term "communal" when used in contrast with "prefectural" must be understood as referring to cities, towns, and villages.—TRANSLATOR.]

Such is the brief history of Japanese local taxation. A cursory comparison with the history of the Japanese war taxes mentioned in Part I of the present treatise will show that not until the Russo-Japanese War had the war imposts produced any noteworthy effect on local finance. The only war taxes for the first period—the assessment on each clan and the tax on hereditary stipends—were levied when as yet no line marked the distinction between central and local finances. Those for the second period were most of them indirect taxes and did not exert any considerable influence on local finance. For the third period, i.e. after the war with China, such direct taxes as those on land, business, and income were either introduced or increased; but in spite of evidence to the contrary, their effects were negligible, because the government restricted the rates of the supplementary local taxes and otherwise endeavored to minimize their local effect by adjusting the tax system. It is therefore only since the Russo-Japanese War that war taxation began to affect the local finance to any considerable extent, and the most conspicuous effect was no doubt due to the war imposts at the time of the great war. As had been mentioned above, the government, in introducing the emergency increase of national taxes, sought for economy in local expenditures, putting firm restrictions on prefectural and communal surtaxes. Thus, to reduce the land surtax by about 10,000,000 *yen*, the government fixed a maximum to the rates of the local surtax on land at 50 per cent of the land tax for prefectures and at 30 per cent for smaller communities except in cases of emergency and for purposes of redeeming loans. Further, no surtax on the business and income taxes should exceed 30 per cent of the original rate, and all additional rates on the taxes on land, business, and income subject to the emergency increase were absolutely prohibited to local communities. As a consequence, the entire amount of local taxes, which stood at approximately 110,000,000 *yen* in 1903, prior to the Russo-Japanese War, was reduced to 88,000,000 *yen* in 1904 and 93,000,000 *yen* in 1905, as follows:

LOCAL TAXES COLLECTED IN PERIOD 1901–1911

Fiscal year	Land	Household	Income	Business	Total	Miscellaneous	Grand total
	Yen	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*
1901–2	38,288,101	36,718,647	1,936,490	7,016,163	83,959,401	20,649,938	104,609,339
1902–3	41,304,960	38,635,659	2,301,858	7,455,380	89,697,857	21,783,091	111,480,948
1903–4	40,103,170	37,464,671	2,754,293	7,681,606	88,003,740	23,158,018	111,161,758
1904–5	28,556,112	31,435,044	1,988,927	6,693,532	68,673,615	19,439,577	88,113,192
1905–6	29,013,733	34,924,989	2,204,624	6,743,892	72,887,238	20,717,022	93,604,260
1906–7	31,401,849	43,588,463	2,590,582	7,899,785	85,480,679	22,197,876	107,678,555
1907–8	38,362,620	55,992,060	2,856,274	8,574,548	105,785,502	27,067,657	132,853,159
1908–9	37,736,494	61,764,325	4,105,448	9,790,277	113,396,544	28,798,126	142,194,670
1909–10	39,314,461	66,717,485	4,923,483	10,806,798	121,762,227	29,299,247	151,061,474
1910–11	39,986,527	70,904,494	5,467,598	11,766,712	128,125,331	30,671,133	158,796,464

Thus, the fact can not be lost sight of that for all increases or introductions of war levies which led to material advances in the revenue of national taxation, and naturally added much to the increase of expenditures, the proceeds of local taxation showed a reverse tendency. A comparison of the revenues of national and local taxation, before and after the immense increases at the time of the Russo-Japanese War, will not fail to reveal the marked contrast, as follows:

COMPARISON OF THE REVENUE FROM TAXATION OF YEARS 1903–1904 AND 1904–1905

Fiscal year	National taxes	Prefectural taxes	Communal taxes	Total
	Yen	*Yen*	*Yen*	*Yen*
1903–4	61,731,523	24,777,736	24,235,473	110,744,732
1904–5	90,574,991	18,857,994	16,739,214	126,172,199
Increase or decrease[a]	+28,843,468	—5,919,742	—7,496,259	+15,427,467

[a] Amount of increase per household, 1.768; amount of increase per capita, .317.

COMPARISON OF THE REVENUE FROM TAXATION OF YEARS 1903–1904 and 1905–1906

Fiscal year	National taxes	Prefectural taxes	Communal taxes	Total
	Yen	*Yen*	*Yen*	*Yen*
1903–4	61,731,523	24,777,736	24,235,473	110,744,732
1905–6	125,537,956	16,902,187	16,194,098	158,634,241
Increase or decrease[a]	+63,806,433	—7,875,549	—8,041,375	+47,889,509

[a] Amount of increase per household, 5.480; amount of increase per capita, .983.

CHAPTER V

CONCLUSION

A few words of summary by way of concluding the present treatise may not be amiss. War imposts connected with both civil strifes and larger wars have shown heavy increases yearly, until at the present time they represent 65 per cent of the entire revenue from taxation. As regards the relationship between direct and indirect taxation, we have noted that during the first period the direct tax was dominant and during the second and third periods the indirect tax was dominant, whereas during the fourth period both direct and indirect taxes were levied, although the former constituted but 34 per cent of the whole, the latter comprising much the larger part and naturally exerting considerable influence on national economy and finance. How is this diversity in distribution of public burden to be explained?

Looking back to the time of the Restoration, we notice that unity of political power, though virtually restored by the Tokugawa shogunate, was then still little more than a nominal expression. Financial powers were practically wielded by the local clans, who maintained their economic and financial independence throughout all their straitened circumstances, which even surpassed the Meiji Government in point of indigence. The people of the Kwanto district in particular, who had been serving the shogunate for so long a period, knew nothing of the new government and refused to render any service save to the shogunate. Even the revenue accruing from the domain once under the direct control of the shogunate ("Tenryo") was denied to the new government, which was therefore compelled to have recourse to the loans of millionaires and to the issue of inconvertible paper money in order to raise war funds. What made the authorities refrain from increasing the land tax at the beginning of the

new reign was the fear that such a measure might lead the peasantry to harbor antipathy for the Meiji Government, as the farming classes were far superior in strength to all others under the then existing social conditions. And herein lies the real reason that part of the war expenses for the Restoration period were raised by taxing the hereditary stipend of the nobles and *samurai* and their feudal dependents in the clans of the Kwansai district, which aided in establishing the Meiji Government. Thus, it comes about that the war imposts of the first period consisted chiefly of direct taxes.

Once through the Satsuma Rebellion, the state power gradually began to expand, while, on the other hand, the economic unit was just passing from the stage of municipal or local economy to that of national economy, and consequently the commercial and industrial classes began to hold up their heads beside the peasantry. Although order was restored after a long period of civil strife, there was yet fear of giving rise to discontent among the peasantry if the new government unwisely defrayed the cost of armaments by increasing direct taxes, especially on land. The line of least resistance was thereupon followed, and the plan of levying such indirect taxes as on *sake* and soy was decided upon. This is why the war imposts for the second period all consisted of indirect taxes, and up to the close of this period the underlying principle of the Japanese system of taxation was one of lightening the burden of the land tax, because the government had to reckon with the superior strength of the peasantry.

The state power increased in great measure through the Sino-Japanese War, and national economy began to develop by degrees, the commercial and industrial classes attaining an important position, socially as well as economically. By the side of the farming classes, superior in political powers, because the land tax constituted the main part of the public revenue, now rose the artisans and the trading classes, who demanded their due participation in the enjoyment of political rights. It was perhaps with the object of conferring

the right of election on merchants and artisans that the business tax was put on a national instead of a local basis immediately after the war with China. That the war taxes at the time of the Boxer Uprising were all collected in the shape of excises, independent of direct interests to either the peasantry or the traders and artisans, was of course partly due to the development of national economy capable of bearing the burden, but no less as a result of the contention between the opposing classes—the peasantry on the one hand, and the commercial and industrial classes on the other.

At about the time of the Russo-Japanese War, with the ever-increasing influence of capital in national affairs, the political and economic frictions between the two contending classes mentioned above were brought to light. The disturbance created in 1903 by the increased tax continuation problem was one out of many similar instances. Another cause of friction was the question of the import duty on rice directly after the war with Russia. Although at the present time the Japanese farming classes are intent upon maintaining their position of social and political supremacy, the natural course of affairs seems to have taken a different turn, and socially as well as economically the trading and industrial classes are gradually taking the place hitherto occupied by the peasantry. The Diet also has high hopes of becoming representative of capital in the near future. A cursory perusal of the list of members of the House of Representatives will indicate that if they are classified by occupations, between the first and eleventh general elections, the number of agriculturists returned shifted from 129 to 80, while the members engaged in mining and industry increased from 3 to 13 and those in banking and trading from 11 to 72. In other words, the number of farming representatives resulted in a reduction of 38 per cent, whereas the trading and industrial members advanced between 433 and 655 per cent. Does not this speak forcibly for the steadily increasing supremacy of artisans and traders in all spheres of political and economic activities? However, the declining influence

of the peasantry does not yet fall below that of the other classes, against which the former is yet in a position to defend or demand its own interests as long as the present social and political conditions last, the agricultural representatives still boasting a majority by a little more than 80 members.

Turning to the political status of the Japanese laboring classes, one shrinks from considering them; terming the organization of laborers a "social" class is a mere travesty, so much more is it a political force. One may fairly surmise that this is why the first and second emergency imposts, increased after the Russo-Japanese War, consisted in greater part of indirect taxes, which are not partial to the interests of the landowners or of the trading and industrial classes.

In view of the above facts, we note that the Japanese war taxes on the one hand accompanied the development of state power, while on the other they were subject to influences exerted by the progress of national economy, undergoing various vicissitudes of fortune as one social class after another became dominant. They furnished the vista of light and shade, for, as has been repeatedly stated, wars and the expansion of armaments invariably brought periods of fiscal enlargement in their train, although restrictions were duly made on local finance. Economically speaking, production was not affected by war taxes to any great extent, perhaps due to the efficiency of national productivity, though in point of distribution the livelihood of small-income earners—small peasantry and laborers in particular—was appreciably impaired. The fact can not be lost sight of that the Japanese landowning, trading, and industrial classes shoulder a rather light burden of war taxation, at the same time deriving benefits from interest on war loans in which they have invested. On the other hand, those small income earners are bearing a burden of war levies heavier than is suited to their backs, over and above the duty to serve with the colors. No accurate figures are as yet available; but there is ample proof that each civil strife or war in the history of modern Japan, while enabling a few

millionaires to accumulate immense wealth, has brought about a far greater increase of the "proletariat." Who can assert that this lamentable tendency has not been furthered by war taxation?

APPENDIX A
STATISTICAL TABLES

No. I (*a*).—Revenue from War Taxes as Contrasted with Total Revenue from Taxation, 1867–1877[a]

Items	First Period (Dec., 1867–Dec., 1868)	Second Period (Jan., 1869–Sept., 1869)	Third Period (Sept., 1869–Oct., 1870)	Fourth Period (Oct., 1870–Sept., 1871)	Fifth Period (Oct., 1871–Dec., 1872)	Sixth Period (Jan., 1873–Dec., 1873)	Seventh Period (Jan., 1874–Dec., 1874)	Eighth Period (Jan., 1875–June, 1875)	1875–6	1876–7	Total
	Yen	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*
Land tax	2,009,014	3,355,964	8,218,969	11,340,984	20,051,917	60,604,242	59,412,429	67,717,947	50,345,328	43,023,426	326,080,220
Sundry taxes on open towns and ports	101,734	94,004	155,647	142,655	33,644	136,968	76,570	45,535	2,774	....	789,531
Anchorages	....	....	....	....	....	8,944	67,344	74,925	28,021	....	179,234
Toll on servitude of rivers	919	....	101,988	53,866	92,194	134,304	145,613	312,477	....	....	841,361
Tax on silkworms and raw silk	....	....	95,223	29,522	103,279	325,440	230,700	236,227	110,245	121,224	1,251,860
Stamp duties on raw silk and cocoons	....	....	....	....	....	35,176	40,771	17,129	27,191	31,457	151,724
Royalties and miscellaneous taxes	324,777	446,531	103,684	213,376	188,544	422,726	1,204,175	1,450,288	....	....	4,354,101
Tributes from Ryukyu	....	....	....	....	....	43,584	21,908	61,745	48,190	36,945	212,372
Kanrokuzei	....	....	....	....	....	....	59,581	64,164	92,621	76,881	293,247
Tax on hereditary stipends	....	....	....	....	....	....	....	2,949,839	2,075,118	2,130,187	7,155,144
Mining tax	....	....	....	....	....	....	....	44,492	7,431	8,903	60,826
Sake tax	....	....	....	....	16,208	961,031	1,683,530	1,310,381	2,555,595	1,911,639	8,438,384
Tax on marine products of Hokkaido	....	....	....	....	....	....	....	....	342,526	384,584	727,110
Postage	....	....	....	....	17,960	88,887	188,071	599,971	583,267	689,229	2,167,385
Stamp duty on instruments	....	....	....	....	....	319,302	291,879	395,316	498,228	434,155	1,938,880
Proceeds from litigation papers	....	....	....	....	....	....	....	....	63,463	80,174	143,637
Copyright license fees	....	....	....	....	....	....	....	....	5,198	2,459	7,657
Attorneys' license fees	....	....	....	....	....	....	....	....	250	4,420	4,670
Passport fees	....	....	....	....	....	....	....	....	2,774	5,741	8,515
Shooting tax	....	....	....	....	....	7,841	45,992	36,409	46,921	46,631	183,794
License tax on ox and horse trading	....	....	....	....	....	64,488	70,345	6,225	90,833	60,899	292,790
Tax on servants, carriage horses, palanquins and pleasure boats	....	....	....	....	....	19,420	70,193	52,575	....	....	142,188
Shipmoney	....	....	....	....	7,803	83,123	125,677	12,336	12,336	128,515	369,790
Tax on vehicles	....	....	....	....	....	....	....	....	213,193	234,902	448,095
Tax on weights and measures	....	....	....	....	....	....	....	....	2,020	2,720	4,740
Tax on patent medicines	....	....	....	....	....	....	....	....	....	28,455	28,455
Tax on tobacco	....	....	....	....	....	....	....	....	206,748	244,149	450,897
Tax on pressed oil	....	....	....	....	1,994	73,242	66,134	6,297	....	....	147,667
Customs duties	720,867	502,817	648,453	1,071,631	1,331,560	1,685,975	1,498,258	1,038,104	1,718,733	1,988,668	12,205,066
Provincial assessments on the clans	73,377	79,137	378,093	1,461,064	693,815	108,871	....	....	....	....	2,794,357
Total	3,230,688	4,478,453	9,702,057	14,313,098	22,538,918	65,123,564	65,299,170	76,432,382	59,079,004	51,676,363	371,873,697
Military taxes (armaments)	73,377	79,137	378,093	1,461,064	693,815	108,871	....	2,949,839	2,075,118	2,130,187	9,949,501
Ratio of military taxes to total revenue from taxation, excluding seventh period	*Per cent* 2.3	*Per cent* 1.8	*Per cent* 3.9	*Per cent* 10.3	*Per cent* 3.1	*Per cent* .17	*Per cent*	*Per cent* 3.9	*Per cent* 3.5	*Per cent* 4.1	*Per cent* 3.3

[a] The average annual revenue from war taxes is obtained by averaging eight consecutive years.

No. I (*b*).—Revenue from War Taxes as Contrasted with Total Revenue from Taxation, 1877–1894

Items	1877–8	1878–9	1879–80	1880–1	1881–2	1882–3	1883–4	1884–5	1885–6
	Yen	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*
Land tax	39,450,551	40,454,714	42,112,648	42,346,181	43,274,032	43,342,188	43,537,649	43,425,996	43,033,679
Income tax	....	....	....	....	....	....	....	....	....
Stamp duty on cards of silkworm eggs	179,618	....	....	....	....	....	....	....	....
Tributes from Ryukyu	42,815	51,394	....	....	....	....	....	....	....
Kanrokuzei	70,596	77,285	40,054	....	....	....	....	....	....
Mining tax	9,339	10,610	12,073	12,990	26,631	18,806	14,816	13,501	18,346
Tax on national banks	....	186,308	237,331	240,720	240,778	239,868	229,083	23,850	110,925
Sake tax	3,050,318	5,100,063	6,463,894	5,520,335	10,646,163	16,329,624	13,490,730	14,068,132	10,530,465
Export duty on *sake* for Okinawa Prefecture	....	....	....	....	....	....	....	....	....
Business tax on barm	....	....	....	66,550	56,796	47,200	32,100	28,510	27,410
Soy tax	....	....	....	....	....	....	....	....	640,179
Tax on marine products of Hokkaido	361,121	509,595	813,416	899,087	817,837	864,712	559,195	501,443	554,778
Stamp duty on instruments	505,625	588,094	695,588	869,260	885,826	872,794	671,180	678,991	435,805
Proceeds from litigation papers	76,482	78,855	89,330	93,441	116,507	166,916	304,457	399,977	273,896
Copyright license fees	3,378	3,830	3,697	3,311	3,703	4,376	4,379	4,711	2,987
Trade-mark registration fees	....	....	....	....	....	....	....	4,170	6,975
Fee on monopolies	....	....	....	....	....	....	....	....	2,820
Attorneys' license fees	7,400	5,440	10,460	8,510	10,120	10,270	10,300	10,600	7,630
Passport fees	4,818	3,345	9,955	7,795	7,937	4,045	23,060	28,797	19,315
Shooting-license fees	42,405	48,538	63,980	79,259	90,314	85,892	68,851	56,215	50,018
License tax on ox and horse trading	62,339	68,209	75,821	84,202	88,437	87,720	80,285	72,490	66,130
Shipmoney	133,119	194,738	133,589	134,658	135,289	133,418	218,040	230,435	238,334
Tax on vehicles	261,859	289,134	335,940	379,486	428,211	453,869	462,088	478,512	484,029
Tax on weights and measures	1,977	2,801	3,295	3,719	3,209	11,429	1,665	1,663	869
Postage	809,856	948,900	1,167,953	1,423,728	1,659,680	1,612,985	2,273,467	2,418,701	1,599,255
Tax on Rice Exchange	....	201,831	241,762	58,170	210,262	95,966	13,270	15,472	69,786
Tax on brokers in Rice Exchange	....	....	....	....	....	36,497	259,741	327,811	156,797
Tax on Stock Exchange	....	7,306	11,139	35,388	45,184	46,701	4,360	3,672	10,092
Tax on brokers in Stock Exchange	....	....	....	....	....	16,943	68,778	66,462	7,028
Tax on German Silver Exchange	....	4,373	14,378	....	....	....	....	....	....
Business tax on patent medicines	....	....	....	....	....	89,306	89,628	83,244	74,862
Stamp duty on patent medicines	....	....	....	....	....	275,637	405,813	280,345	207,266
Fee on patent-medicine licenses	....	....	....	....	....	....	....	....	....
Business tax on tobacco	181,978	200,392	214,124	225,816	225,687	231,037	364,957	321,126	268,098
Stamp duty on tobacco	45,103	74,140	55,451	67,065	50,645	49,813	1,789,254	973,189	636,988
Tax on licenses	....	....	....	....	....	....	....	....	....
Old taxes collected	1,397	11,304	2,763	900	548	4,428	1,295	7,629	637
Confectionery tax	....	....	....	....	....	....	....	....	437,893
Customs duties	2,358,654	2,351,635	2,691,205	2,624,177	2,569,666	2,613,291	2,681,321	2,750,165	2,085,250
Total revenue from taxation	47,660,748	51,472,834	55,499,846	55,184,748	61,593,552	67,745,731	67,659,762	67,275,809	62,058,542
Military taxes									
Tax on *sake* manufacture	....	....	....	....	....	....	3,000,000	3,000,000	3,000,000
Soy tax	....	....	....	....	....	....	....	....	670,149
Confectionery tax	....	....	....	....	....	....	....	....	437,893
Total	....	....	....	....	....	....	3,000,000	3,000,000	4,078,072
Ratio of military taxes to total revenue from taxation, 1883–1894	....	....	....	....	....	....	*Per cent* 4.4	*Per cent* 4.5	*Per cent* 7.8

No. I (*b*).—Revenue from War Taxes as Contrasted with Total Revenue from Taxation, 1877–1894—*Continued*

Items	1886–7	1887–8	1888–9	1889–90	1890–1	1891–2	1892–3	1893–4	Total
	Yen	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*
Land tax	43,282,477	42,152,172	34,650,528	42,161,328	40,084,468	37,457,500	37,925,243	38,808,680	697,500,034
Income tax	....	527,724	1,066,895	1,052,982	1,092,378	1,110,554	1,132,259	1,238,763	7,221,555
Stamp duty on cards of silkworm eggs	....	....	....	....	....	....	....	....	179,618
Tributes from Ryukyu	....	....	....	....	....	....	....	....	94,209
Kanrokuzei	....	....	....	....	....	....	....	....	187,935
Mining tax	....	....	....	95,579	....	....	134,033	178,869	545,593
Tax on national banks	221,850	221,850	221,850	221,850	221,850	221,850	221,850	220,730	3,282,543
Sake tax	11,743,778	13,069,808	17,063,801	16,439,720	13,912,126	14,686,920	15,812,888	16,637,436	204,566,201
Export duty on *sake* for Okinawa Prefecture	....	....	2,110	11,093	14,900	14,814	12,380	17,834	73,131
Business tax on barm	25,360	26,122	27,234	28,322	30,210	31,698	32,648	31,860	492,020
Soy tax	1,188,413	1,252,721	1,359,986	1,288,078	1,210,575	1,254,106	1,278,011	1,332,793	10,804,862
Tax on marine products of Hokkaido	611,400	220,273	218,775	215,101	223,406	219,086	303,656	303,769	8,196,650
Stamp duty on instruments	587,625	564,306	13,411	18,161	23,321	25,652	25,669	38,951	7,500,259
Proceeds from litigation papers	334,969	313,929	320,251	....	....	....	....	....	2,569,010
Copyright license fees	....	....	....	....	....	....	....	....	34,372
Trade-mark registration fees	....	....	....	....	....	....	....	....	11,145
Fee on monopolies	....	....	....	....	....	....	....	....	2,820
Attorneys' license fees	....	....	....	....	....	....	....	....	80,730
Passport fees	....	....	....	....	....	....	....	....	109,067
Shooting-license fees	48,459	57,551	72,480	91,942	96,573	101,990	19,172	....	1,073,639
License tax on ox and horse-trading	64,969	69,370	72,184	74,035	73,738	73,078	73,408	75,432	1,261,847
Shipmoney	350,469	259,945	270,468	280,330	282,530	278,373	276,915	275,701	3,826,351
Tax on vehicles	531,103	577,390	611,366	648,096	664,229	682,812	729,634	773,948	8,791,706
Tax on weights and measures	2,002	2,476	2,583	2,483	2,564	2,165	3,041	....	48,031
Postage	....	....	....	....	....	....	....	....	13,914,525
Tax on Rice Exchange	180,765	92,005	87,077	140,317	221,850	188,751	166,197	92,986	2,076,467
Tax on brokers in Rice Exchange	....	....	....	....	....	....	....	....	780,846
Tax on Stock Exchange	88,346	97,757	85,971	79,074	46,467	41,604	57,615	100,111	760,787
Tax on brokers in Stock Exchange	....	....	....	....	....	....	....	....	159,211
Tax on German Silver Exchange	....	....	....	....	....	....	....	....	18,751
Business tax on patent medicines	73,428	71,952	73,256	77,319	81,056	83,999	88,801	94,074	980,925
Stamp duty on patent medicines	363,061	350,635	377,151	406,411	416,430	432,400	500,415	542,359	4,557,923
Fee on patent-medicine licenses	2,168	1,447	1,306	1,425	1,491	1,541	....	....	9,378
Business tax on tobacco	250,672	270,838	280,538	308,036	314,420	317,225	327,665	356,225	4,658,834
Stamp duty on tobaccco	979,844	1,313,766	1,619,288	1,666,782	1,493,332	1,474,989	1,833,984	2,284,125	16,407,758
Tax on licenses	5,297	6,148	7,516	6,722	6,281	5,923	....	....	37,887
Old taxes collected	394	4,771	5,821	54	....	....	....	....	41,941
Confectionery tax	544,901	595,738	628,323	647,033	662,647	614,192	587,001	593,809	5,311,537
Customs duties	2,989,686	4,135,652	4,615,494	4,728,023	4,392,566	4,539,687	4,991,524	5,125,372	58,243,368
Total revenue from taxation	64,471,436	66,256,346	63,755,663	70,690,296	65,569,408	63,860,909	66,534,009	69,123,827	1,066,413,466
Military taxes									
Tax on *sake* manufacture	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	33,000,000
Soy tax	1,188,413	1,252,721	1,359,986	1,288,078	1,210,575	1,254,106	1,278,011	1,332,793	10,804,862
Confectionery tax	544,901	595,738	628,323	647,033	662,647	614,192	587,001	593,809	5,311,537
Total	4,733,314	4,848,459	4,988,309	4,935,111	4,873,222	4,868,298	4,865,012	4,926,602	49,116,399
Ratio of military taxes to total revenue from taxation, 1883–1894	*Per cent* 7.4	*Per cent* 7.3	*Per cent* 7.7	*Per cent* 6.9	*Per cent* 7.4	*Per cent* 7.6	*Per cent* 7.2	*Per cent* 7.0	*Per cent* 6.8

No. I (*c*).—Revenue from War Taxes as Contrasted with Total Revenue from Taxation, 1894–1904

Items	1894–5	1895–6	1896–7	1897–8	1898–9	1899–1900
	Yen	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*
Land tax	39,291,495	8,592,868	37,640,283	37,964,727	38,440,976	44,861,082
Income tax	1,353,518	1,497,095	1,810,221	2,095,092	2,351,420	4,837,320
Business tax	....	....	52	4,416,249	5,478,020	5,507,147
Mining tax	241,418	247,061	335,502	421,381	567,992	605,948
Tax on national banks	220,730	220,730	216,628	109,531	21,616	92
Tax on convertible bank notes	6,966	408,662	926,240	560,975	1,255,610	846,582
Tax on excess note issue	6,966	408,662	926,240	560,975	1,255,610	176,431
Sake tax	16,130,471	17,748,735	19,476,512	31,105,172	32,959,857	48,918,423
Export duty on *sake* for Okinawa Prefecture	25,186	19,848	35,199	56,831	72,616	81,572
Business tax on spirits	7,080	10,034	9,646	15,331	19,720	9,243
Business tax on barm	32,110	30,686	....	....	....	....
Soy tax	1,382,879	1,463,073	1,534,022	1,532,101	1,535,543	2,453,392
Tax on marine products of Hokkaidō	301,925	301,344	301,522	359,289	353,188	357,611
Stamp duty on instruments	46,667	63,323	95,103	124,540	154,366	60,745
License tax on ox and horse trading	75,432	79,537	41,369	....	....	....
Ship money	281,525	291,350	152,087	9	10	....
Tax on vehicles	811,032	861,951	469,419	....	....	....
Bourse tax	587,691	780,311	1,001,173	1,106,208	856,036	1,177,040
Tax on patent medicines	670,133	777,613	881,604	982,381	1,061,438	113,525
Tax on tobacco	2,680,468	2,740,774	2,977,630	4,935,173	2,120,555	....
Confectionery tax	637,626	689,133	546,136	....	....	....
Old taxes collected	....	....	....	19,788	145	678
Sugar excise	....	....	....	....	....	....
Tonnage dues	....	....	....	....	....	240,323
Customs duties	5,755,456	6,785,640	6,728,323	8,020,513	9,092,592	15,936,890
Total	70,546,774	74,018,430	76,104,911	94,386,266	97,597,310	126,184,044
Stamp receipts	....	....	5,377,049	5,970,689	6,163,011	11,942,825
Leaf-tobacco monopoly profits	....	....	....	292,142	5,145,999	7,559,534
Total revenue from taxation	70,546,774	74,018,430	81,481,960	100,649,097	108,906,320	145,686,403

No. I (*c*).—Revenue from War Taxes as Contrasted with Total Revenue from Taxation, 1894–1904—*Continued*

Items	1900–1	1901–2	1902–3	1903–4	Total
	Yen	*Yen*	*Yen*	*Yen*	*Yen*
Land tax	46,717,797	46,666,494	46,505,391	46,873,086	423,554,199
Income tax	6,368,039	6,836,890	7,460,692	8,247,177	42,857,464
Business tax	6,051,515	6,481,045	6,777,047	7,049,251	41,760,326
Mining tax	624,248	727,622	762,632	801,983	5,335,787
Tax on national banks	....	....	....	....	789,327
Tax on convertible bank notes	1,404,794	1,693,599	1,120,895	823,603	9,047,926
Tax on excess note issue	259,378	539,783	106,706	....	4,240,751
Sake tax	50,293,651	58,017,368	63,738,010	52,821,748	391,209,947
Export duty on *sake* for Okinawa Prefecture	156,834	117,496	185,955	306,336	1,057,873
Business tax on spirits	....	....	....	....	71,054
Business tax on barm	....	....	....	....	62,796
Soy tax	3,153,893	3,464,025	3,555,229	3,544,528	23,618,685
Tax on marine products of Hokkaido	....	....	....	....	1,974,879
Stamp duty on instruments	....	....	....	....	544,744
License tax on ox and horse trading	....	....	....	....	196,338
Ship money	....	....	....	....	724,981
Tax on vehicles	....	....	....	....	2,142,402
Bourse tax	1,228,461	836,397	814,083	811,580	9,198,980
Tax on patent medicines	27,799	121,953	125,550	130,164	4,892,160
Tax on tobacco	....	....	.. ..	....	15,454,600
Confectionery tax	....	....	....	....	1,872,895
Old taxes collected	....	....	....	....	20,611
Sugar excise	....	612,344	4,145,773	6,942,969	11,701,086
Tonnage dues	336,352	361,098	387,488	430,530	1,755,791
Customs duties	17,015,140	13,645,125	15,501,469	17,378,303	115,859,451
Total	133,637,901	140,121,239	151,186,920	146,161,258	1,109,945,053
Stamp receipts	12,289,237	12,274,704	13,847,953	14,169,480	82,034,948
Leaf-tobacco monopoly profits	7,244,159	10,866,700	12,367,569	15,171,804	58,647,907
Total revenue from taxation	153,171,297	163,262,643	177,402,442	175,502,542	1,250,627,908
Military taxes					
Sake tax	....	....	5,166,617	5,166,617	10,333,234
Beer tax	....	94,040	637,122	653,433	1,384,595
Sugar tax	....	612,344	4,145,773	6,942,969	11,701,086
Customs duties	....	....	1,870,654	1,870,654	3,741,308
Increased receipts from leaf-tobacco monopoly	....	3,622,541	4,255,841	4,255,841	12,134,223
Total	....	4,328,925	16,076,007	18,889,514	39,294,446
		Per cent	*Per cent*	*Per cent*	*Per cent*
Ratio of military taxes to total revenue from taxation, 1901–1904	....	2.7	9.1	10.8	7.8

No. I (*d*).—Revenue from War Taxes as Contrasted with Total Revenue from Taxation, 1903–1913 [a]

Items	1903–4	1904–5	1905–6	1906–7	1907–8 [b]	1908–9
	Yen	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*
Land tax	46,873,086	60,939,781	80,473,022	84,637,498	84,973,927	85,418,391
Income tax	8,247,177	14,369,933	23,278,377	26,348,739	27,291,875	32,144,098
Business tax	7,049,251	12,601,542	18,784,656	19,770,159	20,383,940	23,574,427
Mining tax	801,983	998,593	1,692,108	1,928,152	2,173,555	1,998,143
Tax on convertible bank notes	823,603	1,906,234	2,472,089	1,692,285	3,329,916	1,775,465
Sake tax	52,821,748	58,286,011	59,099,293	71,100,004	78,406,323	83,590,684
Export duty on *sake* for Okinawa Prefecture	306,336	465,591	476,849	471,979	513,101	185,522
Soy tax	12,520,322	4,244,239	4,408,468	4,766,900	5,471,691	4,859,425
Bourse tax	811,580	880,277	2,241,098	4,679,831	3,154,929	2,410,794
Tax on patent medicines	130,164	167,306	197,856	204,780	....	....
Business tax on patent medicines	....	....	....	....	214,023	224,691
Salt tax	....	....	481,359	....	....	....
Sugar excise	6,942,969	8,362,294	11,348,317	16,156,704	16,178,234	19,684,318
Textile-fabric excise	....	4,423,766	5,319,899	5,037,515	19,114,902	19,316,736
Petroleum excise	....	1,882,983	....	....	53,078	1,689,161
Traveling tax	....	344,305	2,211,869	2,463,801	2,773,550	2,851,071
Succession tax	....	....	629,684	1,405,425	1,822,297	2,446,948
Old taxes collected	....	....	320	8,393	412	883
Customs duties	17,378,303	23,159,731	36,757,382	41,853,533	50,027,305	40,067,807
Tonnage dues	430,530	465,066	538,435	580,581	610,458	583,008
Total	155,137,052	193,497,652	250,411,081	283,106,279	316,496,516	322,821,572
Stamp receipts	14,169,480	17,226,439	30,267,758	34,260,448	25,155,994	22,853,222
Monopoly profit	15,171,804	27,462,007	33,602,058	32,574,484	35,607,902	52,571,213
Total revenue from taxation	184,478,336	238,186,098	314,280,897	349,941,211	377,260,412	398,246,007
Military taxes						
Land tax	....	23,893,145	46,249,200	49,920,982	49,920,982	49,920,982
Income tax	....	5,660,129	13,409,816	15,447,150	15,447,150	15,447,150
Business tax	....	5,154,609	11,273,816	11,867,276	11,867,276	11,867,276
Succession tax	....	....	629,684	1,460,656	1,822,297	2,446,948
Mining tax	....	86,484	755,756	712,991	712,991	712,991
Business tax on patent medicines	....	....	74,655	80,867	80,867	80,867
Bourse tax	....	232,682	1,120,547	2,339,915	2,339,915	2,339,915
Traveling tax	....	....	2,211,868	2,463,899	2,773,500	2,851,071
Stamp receipts	....	2,997,767	18,330,939	19,827,936	19,827,936	19,827,936
Sake tax	....	169,855	6,442,997	8,276,263	8,276,263	9,276,262
Soy tax	....	1,383,811	1,716,753	1,717,958	1,717,958	1,717,958
Sugar excise	....	1,936,763	6,706,131	9,997,350	9,997,350	12,857,046
Textile-fabric excise	....	4,423,767	5,319,898	5,036,715	19,114,902	19,316,736
Petroleum excise	....	1,882,983	....	....	53,078	1,689,161
Export duty on *sake* for Okinawa Prefecture	....	12,619	38,147	....	....	....
Customs duty	....	2,413,999	12,174,384	17,781,713	17,781,713	17,781,713
Salt-monopoly receipts	....	....	11,998,012	23,227,961	23,227,961	23,227,961
Salt tax	....	....	481,359	....	....	....
Tobacco-monopoly profits	....	8,929,793	15,157,888	14,679,794	14,679,794	14,679,794
Total	....	59,178,406	154,091,850	184,839,426	199,641,933	206,041,767
		Per cent	*Per cent*	*Per cent*	*Per cent*	*Per cent*
Ratio of military taxes to total revenue from taxation	....	25	49	53	53	52

[a] The figures for the new taxes are taken from the settled accounts, while those for the increased taxes are from the estimates, except those for the fiscal years from 1904–5 to 1906–7, which are based upon the settled accounts.

[b] For the increased taxes subsequent to 1907–8, for which the budget estimates can not be ascertained, the figures given are calculated on the basis of the settled account for 1908–9.

No. I (*d*).—Revenue from War Taxes as Contrasted with Total Revenue from Taxation, 1903–1913—*Continued*

Items	1909–10	1910–11	1911–12	1912–13	Total
	Yen	*Yen*	*Yen*	*Yen*	*Yen*
Land tax	85,693,955	76,291,796	74,936,085	75,365,393	755,602,934
Income tax	32,800,432	31,722,257	34,755,746	38,933,497	269,892,131
Business tax	25,112,330	25,756,844	24,598,612	26,021,802	203,653,563
Mining tax	2,007,973	2,167,646	2,238,072	2,620,144	18,626,369
Tax on convertible bank notes	720,140	815,958	1,388,160	1,658,023	16,581,873
Sake tax	91,480,101	86,701,144	86,032,832	93,861,587	761,379,727
Export duty on *sake* for Okinawa Prefecture	124,772	70,288	74,843	38,116	2,727,397
Soy tax	4,731,800	4,680,902	4,828,316	4,902,959	55,418,022
Bourse tax	3,657,500	3,617,584	4,799,625	4,756,434	31,009,652
Tax on patent medicines	....	....	....	....	2,099,079
Business tax on patent medicines	232,166	233,314	244,309	250,470	
Salt tax	....	....	....	....	481,359
Sugar excise	13,270,188	17,906,368	17,255,548	13,517,375	140,622 315
Textile-fabric excise	18,778,324	18,233,622	18,916,151	20,176,793	129,317,708
Petroleum excise	2,112,208	2,087,755	1,925,503	1,705,415	11,456,103
Traveling tax	3,032,800	3,408,486	3,918,334	4,375,736	25,379,952
Succession tax	2,784,436	3,132,344	4,061,596	3,629,691	19,912,421
Old taxes collected	....	....	....	....	10,008
Customs duties	36,423,860	39,949,339	48,518,614	68,496,906	402,632,780
Tonnage dues	568,761	580,246	653,817	695,522	5,706,424
Total	323,531,746	317,355,893	329,146,163	361,005,863	2,852,509,817
Stamp receipts	30,746,048	27,219,425	29,073,320	28,934,262	259,906,396
Monopoly profit	58,449,382	62,089,574	63,337,928	66,015,518	446,881,870
Total revenue from taxation	412,727,176	406,664,892	421,557,411	455,955,643	3,559,298,083
Military taxes[1]					
Land tax	49,920,982	39,920,982	39,920,982	39,920,982	389,589,219
Income tax	15,447,150	15,447,150	15,447,150	15,447,150	127,199,995
Business tax	11,867,276	9,667,276	9,667,276	9,667,276	92,899,357
Succession tax	2,784,436	3,132,344	4,061,596	3,629,691	19,967,652
Mining tax	712,991	712,991	712,991	712,991	5,833,177
Business tax on patent medicines	80,867	80,867	80,867	80,867	640,724
Bourse tax	2,339,915	2,339,915	2,339,915	2,339,915	17,732,634
Traveling tax	3,032,800	3,408,486	3,918,334	4,375,736	25,035,694
Stamp receipts	19,827,936	19,827,936	19,827,936	19,827,936	160,124,258
Sake tax	9,276,262	9,076,262	9,076,262	9,076,262	68,946,688
Soy tax	1,717,958	1,717,958	1,717,958	1,717,958	15,126,270
Sugar excise	12,857,046	10,857,046	10,857,046	10,857,046	86,922,824
Textile-fabric excise	18,778,324	18,233,622	18,916,151	20,176,793	129,316,908
Petroleum excise	2,112,308	2,087,755	1,925,503	1,705,415	11,456,203
Export duty on *sake* for Okinawa Prefecture	....	....	....	....	50,766
Customs duty	17,781,713	17,781,713	17,781,713	17,781,713	139,060,374
Salt-monopoly receipts	23,227,961	23,227,961	23,227,961	23,227,961	174,593,739
Salt tax	....	....	....	....	481,359
Tobacco-monopoly profits	14,679,794	14,679,794	14,679,794	14,679,794	126,846,239
Total	206,445,719	192,200,058	194,159,435	195,225,486	1,591,824,080
Ratio of military taxes to total revenue from taxation	*Per cent* 50	*Per cent* 47	*Per cent* 46	*Per cent* 43	*Per cent* 45

No. II.—Tariffs Enacted by the Emergency Tax Law [a]

Description	Rate of assessment	First increase	Second increase	Total rate
Land tax [b]				
Provincial dwelling land	2.5 per cent of registered value of land	3.5 per cent of registered value of land	3.5 per cent of registered value of land	8 per cent of registered value of and
Urban dwelling land	2.5 "	5.5 "	12 "	20 "
Other land	2.5 "	1.8 "	1.2 "	5.5 "
Business tax	1 "	70 "	80 "	2.5 "
Income tax				
First kind A	1 "	70 "	80 "	2.5 "
First kind B				
Income under 5,000 *yen*	1 "	70 "	10 "	1.8 "
" " 10,000 "	1 "	70 "	20 "	1.9 "
" " 15,000 "	1 "	70 "	30 "	2.0 "
" " 20,000 "	1 "	70 "	50 "	2.2 "
" " 30,000 "	1 "	70 "	100 "	2.7 "
" " 50,000 "	1 "	70 "	160 "	3.3 "
" " 100,000 "	1 "	70 "	230 "	4.0 "
" above 100,000 "	1 "	70 "	330 "	5.0 "
Third kind				
Income under 500 "	1 "	70 "	30 "	2.0 "
" " 1,000 "	1 "	70 "	40 "	2.1 "
" " 5,000 "	1 "	70 "	60 "	2.3 "
" " 10,000 "	1 "	70 "	70 "	2.4 "
" " 15,000 "	1 "	70 "	80 "	2.5 "
" " 20,000 "	1 "	70 "	100 "	2.7 "
" " 30,000 "	1 "	70 "	120 "	2.9 "
" " 50,000 "	1 "	70 "	140 "	3.1 "
" " 100,000 "	1 "	70 "	170 "	3.4 "
" above 100,000 "	1 "	70 "	200 "	3.7 "
Sake taxes				
1. *Sake* manufacture tax				
Class 1	15 *yen* per *koku*	.50 *yen* per *koku*	1.50 *yen* per *koku*	17 *yen* per *koku*
Class 2	18 "	.50 "	1.50 "	20 "
Class 3	20 "	.50 "	1.50 "	22 "
Class 4	23 "	.50 "	1.50 "	25 "
Class 5	.75 *yen* for each degree of alcohol per *koku*	.025 *yen* for each degree of alcohol per *koku*	.075 *yen* for each degree of alcohol per *koku*	.85 *yen* for each degree of alcohol per *koku*

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*
[b] The rate of the land tax for Hokkaido is one per cent, the rate of increase being the same as with the ordinary land tax.

NO. II.—TARIFFS ENACTED BY THE EMERGENCY TAX LAW [a]—*Continued*

2. Beer tax	7 *yen* per *koku*	.50 *yen* per *koku*	.50 *yen* per *koku*	8 *yen* per *koku*
3. Export duty on *sake* for Okinawa Prefecture... (The rates of this duty are the same as those of the *sake* manufacture tax.)				
4. Alcohol and alcoholic beverage tax				
Containing pure alcohol of less than 20 per cent of the original fluid	16 *yen* per *koku*	.....	2.00 "	18 "
Containing pure alcohol of more than 20 per cent of the original fluid	.75 *yen* for each degree of alcohol per *koku*	.025 *yen* for each degree of alcohol per *koku*	.075 *yen* for each degree of alcohol per *koku*	.85 *yen* for each degree of alcohol per *koku*
Sugar excise				
Class 1	1.00 *yen* per 100 *kin*	1.00 *yen* per 100 *kin* (up to Sept., 1904) No tax from Oct., 1904	1.00 *yen* per 100 *kin*	2.00 *yen* per 100 *kin*
Class 2	1.60 "	3.00 *yen* per 100 *kin* (up to Sept., 1904) 2.30 *yen* per 100 *kin* (from Oct., 1904)	.50 "	4.40 "
Class 3	2.20 "	3.30 *yen* per 100 *kin*	1.00 "	6.50 "
Class 4	2.80 "	3.70 "	1.00 "	7.50 "
Soy tax				
Soy of *Moromi* process (Art. II)	2.00 *yen* per *koku*	.50 *yen* per *koku*	.....	2.50 *yen* per *koku*
Soy of *Tamari* process (Art. II)	2.00 "	.50 "	.....	2.50 "
Soy of *Moromi* process (Proviso, Art. II)	1.00 "	.25 "	.....	1.25 "
Soy of *Tamari* process (Proviso, Art. II)	1.00 "	.25 "	.....	1.25 "

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

NO. II.—TARIFFS ENACTED BY THE EMERGENCY TAX LAW [a]—*Continued*

Description	Rate of assessment	First increase	Second increase	Total rate
Registration taxes				
1. Registration respecting immovables				
Registration of No. 1 . . .	5 per mille of the value of immovables	3 per mille of the value of immovables	First increase was abolished	5 per mille of the value of immovables
" " No. 2. . .	5 "	5 "	"	5 "
" " No. 3. . .	40 "	10 "	10 per mille of the value of immovables	60 "
" " No. 4 . .	25 "	5 "	5 "	35 "
Preservation of ownership enjoyed to the time of registration.	2 "	3 "	. . . . .	5 "
Creation of a peer's hereditary estate.	20 "	5 "	. . . . .	25 "
2. Registration respecting ships				
Registration of No. 1. . .	3 per mille of the value of ship	2 per mille of the value of ship	First increase was abolished	3 per mille of the value of ship
" " No. 2. . .	3 "	5 "	"	8 "
" " No. 3. . .	20 "	20 "	10 per mille of the value of ship	50 "
" " No. 4. . .	15 "	5 "	5 "	25 "
Preservation of ownership enjoyed to the time of registration	1 "	2 per mille	. . . . .	3 "
3. Registration tax according to Art. VI and Art. VI, 2, of the law of registration				
(*a*) Art. IV. Registration of commercial companies or other judicial persons for purposes of profit				

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

No. II.—Tariffs Enacted by the Emergency Tax Law [a]—*Continued*

Registration of Nos. 1 and 2.....	3 per mille of the standard taxable amount	1 per mille of the standard taxable amount	.....	4 per mille of the standard taxable amount
Registration of Nos. 3, 4, 6, 7, and 8.....	4 "	1 "	.....	5 "
Registration of Nos. 9–11, inclusive.....	1 "	1 "	.....	2 "
Registration of No. 12..	10 *yen* per place	5 *yen* per place	.....	15 *yen* per place
" " Nos. 13–16, inclusive.....	5 *yen* per case	2 *yen* per case	.....	7 *yen* per case
Registration of No. 17..	3 "	2 "	.....	5 "
Registration of Nos. 18, 19, and of the preceding number at the place of their branch office.....	1 "	.50 "	.....	1.50 "
(*b*) Art. IV. Registration of foundations or associations not for purposes of profit				
Registration of No. 1 ..	5 "	2 "	.....	7 "
" " No. 2...	3 "	2 "	.....	5 "
" " No. 3...	2 "	1 "	.....	3 "
Registration of Nos. 4 and 5.....	1 "	.50 "	.....	1.50 "
Registration of Nos. 6–8, inclusive, and of the preceding numbers at a place other than the principal office.....	.50 "	.20 "	.....	.70 "
(*c*) Registration of Art. VI, 2				
Registration of Nos. 1–3, inclusive.....	5 "	2 "	.....	7 "
Registration of Nos. 4 and 5.....	2 "	1 "	.....	3 "
Registration of Nos. 6 and 7.....	1 "	.50 "	.....	1.50 "

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

No. II.—Tariffs Enacted by the Emergency Tax Law [a]—*Continued*

Description	Rate of assessment	First increase	Second increase	Total rate
Registration taxes				
3. Registration tax according to Art. VI and Art. VI, 2, of the law of registration				
(*c*) Registration of Art. VI, 2—*Cont.*				
Registration of the preceding numbers at the place of the branch office.....	.50 *yen* per case	.20 *yen* per case	.....	.70 *yen* per case
4. Registration respecting mining				
Creation of prospecting right.....	75 "	.....	25 *yen* per case	100 "
Change of prospecting right due to increase or decrease of lots..	35 "	.....	10 "	45 "
Transfer of prospecting right due to causes other than succession	35 "	.....	10 "	45 "
New registration of mining right	150 "	.....	50	200 "
Change of mining right due to increase or decrease of lots.....	75 "	.....	25 "	100 "
Transfer of mining right due to causes other than succession...	75 "	.....	25 "	100 "
Prospecting	75 "	25 "	.....	100 "
Mining.....	150 "	50 "	.....	200 "
Revision relative to increase or decrease of prospecting lots..	30 "	10 "	.....	40 "
Revision relative to increase or decrease mining lots of	75 "	25 "	.....	100 "

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

No. II.—Tariffs Enacted by the Emergency Tax Law [a]—*Continued*

Purchase or transfer by cession	75 *yen* per case	25 *yen* per case	.....	100 *yen* per case
Bourse tax				
Wares and negotiable instruments	.6 per mille of amount transacted	.3 per mille of amount transacted	.3 per mille of amount transacted	1.2 per mille of amount transacted
National and local loan bonds	.3 "	.2 "	.....	.5 "
Shooting-license tax				
First class	20 *yen*	10 *yen*	10 *yen*	40 *yen*
Second class	10 "	5 "	15 "	30 "
Third class	2 "	1 "	4 "	7 "
Tax on mining lots				
Prospecting	.10 *yen* for each 1,000 *tsubo* per annum	.....	.20 *yen* for each 1,000 *tsubo* per annum	.30 *yen* for each 1,000 *tsubo* per annum
Mining	.40 "	.10 *yen* for each 1,000 *tsubo* per annum	.10 "	.60 "
Placer tax				
Alluvial	.....	.....	.30 *yen* per *cho* of placer area per annum	.30 *yen* per *cho* of placer area per annum
Non-alluvial	.....	.....	.30 *yen* per 1,000 *tsubo* of placer area per annum	.30 *yen* per 1,000 *tsubo* of placer area per annum
Business tax on patent medicine				
Total value of each medicine manufactured in one year				
Under 300 *yen*	2 *yen* per dose	.....	1 *yen* per dose	3 *yen* per dose
" 500 "	2 "	.....	3 "	5 "
" 1,000 "	2 "	.....	5 "	7 "
" 2,000 "	2 "	.....	7 "	9 "
" 3,000 "	2 "	.....	10 "	12 "
" 5,000 "	2 "	.....	15 "	17 "
" 10,000 "	2 "	.....	20 "	22 "
" 20,000 "	2 "	.....	30 "	32 "
" 30,000 "	2 "	.....	40 "	42 "
" 50,000 "	2 "	.....	55 "	57 "
" 70,000 "	2 "	.....	70 "	72 "
" 100,000 "	2 "	.....	85 "	87 "
Above 100,000 "	2 "	.....	100 "	102 "

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

NO. II.—TARIFFS ENACTED BY THE EMERGENCY TAX LAW [a]—*Continued*

Description	Rate of assessment	First increase	Second increase	Total rate
Stamp duty				
Letter of attorney	1 *sen*	.....	1 *sen*	2 *sen*
Pass-book	20 "	.....	5 "	25 "
Promissory note				
Under 1,000 *yen*	2 "	.....	1 "	3 "
" 5,000 "	2 "	.....	4 "	6 "
" 10,000 "	2 "	.....	13 "	15 "
" 20,000 "	2 "	.....	28 "	30 "
" 30,000 "	2 "	.....	58 "	60 "
" 50,000 "	2 "	.....	1.18 *yen*	1.20 *yen*
" 100,000 "	2 "	.....	2.38 "	2.40 "
Above 100,000 "	2 "	.....	4.98 "	5 "
All other documents and books provided for in the stamp duty law, Art. IV	2 "	.....	1 *sen*	3 *sen*
Stamp duty on checks	.....	.....	1 "	1 "
Import duties				
Class I				
Group I				
Arms and ammunition, such as cannon, muskets, pistols, side arms, projectiles, cartridges, etc.	25 per cent ad valorem	.....	5 per cent ad valorem	30 per cent ad valorem
Balances, measuring scales and tapes	10 "	.....	10 "	20 "
Barometers	10 "	.....	5 "	15 "
Crucibles of all kinds	10 "	.....	10 "	20 "
Cutlery, not otherwise provided for	20 "	.....	5 "	25 "
Electric light apparatus or instruments and parts thereof	10 "	.....	5 "	15 "
Fire-engines and parts thereof	10 "	.....	5 "	15 "

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

No. II.—Tariffs Enacted by the Emergency Tax Law [a]—*Continued*

Implements and tools, agricultural and mechanical, and parts thereof	5	per cent ad valorem	....		5	per cent ad valorem	10	per cent ad valorem
Instruments, musical and accessories	15	"	.....		10	"	25	"
Instruments, philosophical, chemical, surveying, surgical and all other scientific, not otherwise provided for	10	"	.....		5	"	15	"
Instruments or apparatus, photographic, and parts thereof	15	"	.....		15	"	30	"
Phonographs and parts thereof	25	"	.....		10	"	35	"
Spectacles and parts thereof	10	"	.....		10	"	20	"
Sporting guns and accessories	25	"	.....		10	"	35	"
Telephones and parts thereof	10	"	.....		5	"	15	"
Thermometers	10	"	.....		10	"	20	"
Group II								
Beverages, non-alcoholic, such as mineral water, lemonade and soda water	10	"	5	per cent ad valorem	10	"	25	"
Sea biscuits	10	"	5	"	10	"	25	"
Fancy biscuits	15	"	5	"	10	"	30	"
Butter	15	"	5	"	10	"	30	"
Cheese	15	"	5	"	10	"	30	"
Coffee	20	"	5	"	10	"	35	"
Confectionery and sweetmeats	40	"	10	"	5	"	55	"
Confectionery, preserved in sugar, molasses or syrup	25	"	5	"	10	"	40	"

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

No. II.—Tariffs Enacted by the Emergency Tax Law [a]—*Continued*

Description	Rate of assessment	First increase	Second increase	Total rate
Import duties				
Class I				
Group II—*Cont.*				
Eggs, fresh	25 per cent ad valorem	5 per cent ad valorem	5 per cent ad valorem	35 per cent ad valorem
Flour, wheat, and flour and meal of all kinds of grains and starches	10 "	5 "	10 "	25 "
Fruits, fresh or dried, and nuts, not otherwise provided for	15 "	5 "	10 "	30 "
Ham and bacon	15 "	5 "	10 "	30 "
Meat, fresh	10 "	5 "	10 "	25 "
Milk, condensed or desiccated	15 "	5 "	10 "	30 "
Pepper, in the seed or ground	15 "	5 "	10 "	30 "
Salt, crude	10 "	5 "	10 "	25 "
Salt, refined	15 "	5 "	10 "	30 "
Salt fish	15 "	5 "	10 "	30 "
Salt meat	10 "	5 "	10 "	25 "
Sekikasai (gelodium corneum)	10 "	5 "	10 "	25 "
Tea	25 "	5 "	10 "	40 "
Vegetables, green, dry, salted or in brine	10 "	5 "	10 "	25 "
All other comestibles	15 "	5 "	10 "	30 "
Group III				
Boots and shoes of all kinds	20 "	.....	15 "	35 "
Braces or suspenders of silk, wholly or in part	25 "	20 "	.....	45 "
Ditto, all other	20 "	.....	15 "	35 "
Buttons, buckles, and hooks (except stud and sleeve, or cuff buttons or links)	20 "	.....	15 "	35 "

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War*.

No. II.—Tariffs Enacted by the Emergency Tax Law [a]—*Continued*

Comforters, neckerchiefs or mufflers of silk, wholly or in part	25 per cent ad valorem	20 per cent ad valorem	.....	45 per cent ad valorem
Ditto, all other.....	20 "	.....	15 per cent ad valorem	35 "
Gloves of all kinds.....	20 "	.....	15 "	35 "
Hats set with gold, silver or gems.....	30 "	.....	20 "	50 "
Ditto, of silk, wholly or in part.....	25 "	20 "	.....	45 "
Ditto, all other.....	20 "	.....	15 "	35 "
Scarfs and neckties of silk, wholly or in part.....	25 "	20 "	.....	45 "
Ditto, all other.....	20 "	.....	15 "	35 "
Shawls of silk, wholly or in part.....	25 "	20 "	.....	45 "
Ditto, of wool or embroidered.....	25 "	.....	15 "	40 "
Ditto, all other.....	20 "	.....	15 "	35 "
Shirts.....	20 "	.....	15 "	35 "
Socks and hose or stockings of cotton of wool, or of wool and cotton.....	20 "	.....	15 "	35 "
Ditto, of silk, wholly or in part.....	25 "	20 "	.....	45 "
Ditto, all other.....	20 "	.....	15 "	35 "
Studs and sleeve or cuff buttons or links of gold or platinum, set with gems or otherwise.....	30 "	.....	20 "	50 "
Ditto, all other.....	25 "	.....	15 "	40 "
Trimmings of gold or silver, wholly or in part.....	30 "	.....	20 "	50 "
Ditto, of silk, wholly or in part.....	25 "	20 "	.....	45 "

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

No. II.—Tariffs Enacted by the Emergency Tax Law [a]—*Continued*

Description	Rate of assessment	First increase	Second increase	Total rate
Import duties				
Class I				
Group III—*Cont.*				
Ditto, all other	20 per cent ad valorem	.....	15 per cent ad valorem	35 per cent ad valorem
Undershirts and drawers of cotton, or of wool and cotton	20 "	.....	15 "	35 "
Ditto, of silk, wholly or in part	25 "	20 per cent ad valorem	.....	45 "
Ditto, all other	20 "	.....	15 "	35 "
Waterproof coats of silk, wholly or in part	25 "	20 "	.....	45 "
Ditto, all other	20 "	.....	15 "	35 "
All other clothing and accessories of silk, wholly or in part	25 "	20 "	.....	45 "
Ditto, all other	20 "	.....	15 "	35 "
Group IV				
(Rosin, soda ash and caustic soda are excluded.)				
Alcohol	.42 *yen* per liter	.03 *yen* per liter	.03 *yen* per liter	.48 *yen* per liter
Alcohol, denatured, of all kinds	.42 "	.03 "	.03 "	.48 "
Alcoholic medicinal preparations, except tincture of opium	.42 "	.03 "	.03 "	.48 "
Camphor, bornes and blumea or ngai	10 per cent ad valorem	.....	10 per cent ad valorem	20 per cent ad valorem
Collodium, photographic, with iodizer	10 "	.....	10 "	20 "
Musk and artificial musk	15 "	.....	10 "	25 "
All other drugs, chemicals and medicines	10 "	.....	5 "	15 "

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

No. II.—Tariffs Enacted by the Emergency Tax Law[a]—*Continued*

Group V (Oxide of cobalt, liquid of gold, silver and platinum, dry indigo and logwood are excluded.)								
Dyes, Colors and Paints	10	per cent ad valorem	.....	5	per cent ad valorem	15	per cent ad valorem	
Group VI (Except ordinary window glass, plate glass, silvered or unsilvered, and glass, broken or powdered)								
Glass beads, known as Venetian beads.....	20	"	.....	10	"	30	"	
Glass, looking, in frame.	25	"	.....	10	"	35	"	
Glass, all other manufactures of.....	20	"	.....	10	"	30	"	
Group VII								
Cotton seeds.....	5	"	.....	5	"	10	"	
All other grains and seeds	5	"	.....	10	"	15	"	
Group VIII								
Feathers and downs of birds of all kinds...	25	"	.....	5	"	30	"	
Furs, dressed or undressed	25	"	.....	5	"	30	"	
Hair, human.....	20	"	.....	5	"	25	"	
Hides or skins of deer, raw, dried, salted or pickled, and undressed.....	5	"	.....	5	"	10	"	
Hides or skins of samba (cervuselepus), raw, dried, salted or pickled, and undressed..	5	"	.....	5	"	10	"	
Hoofs, animal.....	5	"	.....	5	"	10	"	
Horns, bull, ox, cow and buffalo.....	5	"	.....	5	"	10	"	
Horns, deer	5	"	.....	5	"	10	"	
Ditto, rhinoceros.....	10	"	.....	5	"	15	"	
Tusks, narwhal or unicorn	10	"	.....	5	"	15	"	
Teeth, walrus or seahorse	10	"	.....	5		15	"	

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

No. II.—Tariffs Enacted by the Emergency Tax Law [a]—*Continued*

Description	Rate of assessment	First increase	Second increase	Total rate
Import duties				
Class I				
Group VIII—*Cont'd*				
Leather, sole	15 per cent ad valorem	.....	5 per cent ad valorem	20 per cent ad valorem
Leather, all other kinds	15 "	.....	5 "	20 "
All other bones, horns, raw hides or skins, and shells	5 "	.....	5 "	10 "
All other tusks or teeth of animals	10 "	.....	5 "	15 "
Group IX				
Brass, bar and rod, plate and sheet, rails, pipes and tubes, and screws	10 "	.....	5 "	15 "
Copper, bar and rod, plate and sheet, pipes, and tubes and wire	10 "	.....	5 "	15 "
Copper coins and nickel coins	5 "	.....	5 "	10 "
German silver, plate and sheet, rod and wire	10 "	.....	5 "	15 "
Iron and mild steel, wire rope, galvanized or otherwise	10 "	.....	5 "	15 "
Lead, sheet, and pipes and tubes	10 "	.....	5 "	15 "
Steel (other than mild steel) wire paragon, (for umbrella ribs)	10 "	.....	5 "	15 "
Ditto, wire-rope, galvanized or otherwise	10 "	.....	5 "	15 "
Yellow metal, sheet and plate, bar and rod, nails, and pipes and tubes	10 "	.....	5 "	15 "

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

No. II.—Tariffs Enacted by the Emergency Tax Law [a]—*Continued*

Nails, screws, bolts and nuts of metal, not otherwise provided for	10	per cent ad valorem	.....	5	per cent ad valorem	15	per cent ad valorem
Bag frames	15	"	.....	10	"	25	"
Caps for bottles	15	"	.....	5	"	20	"
Door locks, knobs, bolts, hinges, etc.	15	"	.....	10	"	25	"
Foils and powder of gold, silver or other metal, except bronze powder	15	"	.....	10	"	25	"
Gold and silver ware, not otherwise provided for	35	"	.....	10	"	45	"
Gold and silver plated ware, not otherwise provided for	25	"	.....	10	"	35	"
Grates, fenders, stoves and fittings thereof	20	"	.....	10	"	30	"
Safes and cash-boxes	20	"	.....	10	"	30	"
Umbrella ribs and furnishings thereof	15	"	.....	10	"	25	"
All other manufactures of metal or metals, not otherwise provided for (except building or bridge materials and posts for electric wires and other similar materials)	20	"	.....	10	"	30	"
Group X (Cocoanut oil, linseed oil, oil or spirits of turpentine and stearine candles are excluded.)	15	"	.....	5	"	20	"
Oil, kerosene, petroleum	20	"	20 per cent ad valorem	10	"	50	"
All other kinds of candles and oils	10	"	.....	5	"	15	"

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

No. II.—Tariffs Enacted by the Emergency Tax Law [a]—*Continued*

Description	Rate of assessment	First increase	Second increase	Total rate
Import duties				
Class I—*Cont.*				
Group XI				
Albums, photographic, and postage stamps	25 per cent ad valorem	.....	10 per cent ad valorem	35 per cent ad valorem
Books, blank and printed blank, and printed blank forms	15 "	.....	10 "	25 "
Ink, copying and writing	15 "	.....	5 "	20 "
Paper, Chinese, of all kinds	15 "	.....	5 "	20 "
Pencils in gold or platinum case	30 "	.....	10 "	40 "
Ditto, all other	15 "	.....	5 "	20 "
Pen nibs, gold	30 "	.....	10 "	40 "
Ditto, all other	15 "	.....	5 "	20 "
Sealing wax	15 "	.....	5 "	20 "
Strawboard	15 "	.....	5 "	20 "
All other stationery	15 "	.....	10 "	25 "
Group XII				
Sugar (up to No. 14, inclusive, Dutch standard in color)	5 "	25 per cent ad valorem	.....	30 "
Molasses	10 "	20 "	.....	30 "
Syrup	10 "	20 "	.....	30 "
Group XIII				
Threads, cotton	15 "	.....	10 "	25 "
Bookbinders' cloth	15 "	.....	10 "	25 "
Felt, woolen	15 "	.....	15 "	30 "
Silk threads, not otherwise provided for	20 "	.....	10 "	30 "
Silk crepe, Chinese	20 "	10 "	.....	30 "
Silk pongee, Chinese (*Kenchu*)	20 "	10 "	.....	30 "
Silk satins, Chinese	20 "	10	.....	30 "

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

No. II.—Tariffs Enacted by the Emergency Tax Law [a]—*Continued*

Silk satins, figured, Chinese	20 per cent ad valorem	10 per cent ad valorem	.....	30 per cent ad valorem
Silk-faced cotton satins	20 "	10 "		30 "
Silk tissues and silk and cotton tissues, embroidered	25 "	10 "	.....	35 "
All other silk tissues, pure or mixed with other materials, embroidered	20 "	10 "	.....	30 "
Threads, flax or linen	15 "	.....	10 per cent ad valorem	25 "
Carpets and carpeting, felt	20 "	.....	15 "	35 "
Curtains, silk, wholly or in part	25 "	.....	20 "	45 "
Ditto, all other	20 "	.....	15 "	35 "
Elastic boot webbing of silk, in part	20 "	.....	15 "	35 "
Ditto, all other	15 "	.....	10 "	25 "
Elastic braids and cords	15 "	.....	10 "	25 "
Handkerchiefs, linen, or linen and cotton, single	15 "	.....	15 "	30 "
Ditto, of silk, or of linen	25 "	.....	20 "	45 "
Mosquito nets of all kinds	20 "	.....	15 "	35 "
Furniture cloth, leather, etc.	15 "	.....	15 "	30 "
Floor cloths, oil and linoleum	15 "	.....	15 "	30 "
Table-cloths or covers, silk, wholly or in part	25 "	.....	20 "	45 "
Ditto, all other	20 "	.....	15 "	35 "
Towels of all kinds, single or in piece	15 "	.....	15 "	30 "
Twines, cotton, flax, hemp, jute, manila hemp or China grass	10 "	.....	5 "	15 "
Threads of all kinds, not otherwise provided for	15 "	.....	10 "	25 "

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

No. II.—Tariffs Enacted by the Emergency Tax Law [a]—*Continued*

Description	Rate of assessment	First increase	Second increase	Total rate
Import duties				
Class I				
Group XIII—*Cont.*				
All other products from tissues of silk, wholly or in part	25 per cent ad valorem	.....	20 per cent ad valorem	45 per cent ad valorem
Ditto, all other	20 "	.....	15 "	35 "
Group XIV				
All prepared tobacco	150 "	100 per cent ad valorem	.....	250 "
Group XV				
(Ale, porter, and stout, beer, champagne and similar sparkling wines, port, sherry, vermouth and white or red wines are excluded.)				
Alcoholic liquors, Chinese fermented	100 "	20 "	10 "	130 "
Sake	100 "	20 "	10 "	130 "
All other kinds of wines, liquors and spirits	.275 *yen* per liter	.....	.15 *yen* per liter	.325 *yen* per liter
Group XVI				
Aloeswood	10 per cent ad valorem	.....	10 per cent ad valorem	20 per cent ad valorem
Amber, unworked	10 "	.....	10 "	20 "
Ditto, worked	20 "	.....	10 "	30 "
All animals excepting cattle, asses, mules, sheep, goats and domestic fowl	10 "	.....	5 "	15 "
Asbestos in sheet or board	10 "	.....	5 "	15 "
Bamboo, unworked	5 "	.....	5 "	10 "

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

No. II.—Tariffs Enacted by the Emergency Tax Law [a]—*Continued*

Belting of leather, caoutchouc or canvas, hose of caoutchouc or canvas, for machinery	10	per cent ad valorem	.....	5	per cent ad valorem	15	per cent ad valorem
Billiard tables and accessories	30	"	.....	10	"	40	"
Blasting materials, gelatine, and other similar explosive compounds, including detonators and fuses	15	"	.....	10	"	25	"
Bricks and tiles for building purposes	10	"	.....	5	"	15	"
Brushes and brooms of all kinds	20	"	.....	10	"	30	"
Canes, sticks, and whips	20	"	.....	10	"	30	"
Carriages, bicycles, tricycles and parts thereof	25	"	.....	10	"	35	"
Cars or drays for conveyance of commodities	10	"	.....	5	"	15	"
Celluloid, worked	20	"	.....	10	"	30	"
Chalk and whiting	5	"	.....	5	"	10	"
Charcoal, wood or animal	5	"	.....	5	"	10	"
Clays of all kinds	5	"	.....	5	"	10	"
Coke	5	"	.....	5	"	10	"
Corals, worked or otherwise	30	"	.....	10	"	40	"
Cordage and ropes of flax, hemp, jute, manila hemp or China grass, for rigging or otherwise	10	"	.....	5	"	15	"
Diamond glaziers	10	"	.....	5	"	15	"
Emery sands	5	"	.....	5	"	10	"
Emery cloths and sandpaper	5	"	.....	5	"	10	"
Emery wheels and grindstones of all kinds	5	"	.....	5	"	10	"

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

No. II.—Tariffs Enacted by the Emergency Tax Law [a]—*Continued*

Description	Rate of assessment	First increase	Second increase	Total rate
Import duties				
Class I				
Group XVI—*Cont.*				
Fireworks of all kinds	30 per cent ad valorem	.....	10 per cent ad valorem	40 per cent ad valorem
Flowers and foliage, artificial	25 "	.....	10 "	35 "
Frames for pictures and moulding	20 "	.....	10 "	30 "
Funori (gleopettis intricata)	5 "	.....	5 "	10 "
Furniture, new and old, not otherwise provided for	20 "	.....	10 "	30 "
Games, and all accessories, used in playing tennis, cricket, chess, etc., not otherwise provided for	25 "	.....	10 "	35 "
Glue, common	5 "	.....	5 "	10 "
Guncotton	15 "	.....	10 "	25 "
Gunpowders of all kinds	15 "	.....	10 "	25 "
Gypsum	5 "	.....	5 "	10 "
Ivory, manufactures of, not otherwise provided for	20 "	.....	15 "	35 "
Jewelry	35 "	.....	10 "	45 "
Labels, for bottles, tins, etc	15 "	.....	5 "	20 "
Lamps, lanterns, and parts thereof	20 "	.....	10 "	30 "
Leather, manufactures of, not otherwise provided for	20 "	.....	10 "	30 "
Malt	5 "	.....	5 "	10 "
Matches of all kinds	20 "	.....	10 "	30 "

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

No. II.—Tariffs Enacted by the Emergency Tax Law [a]—*Continued*

Matting, Chinese, in rolls of 40 yards	20 per cent ad valorem		.....		5 per cent ad valorem		25 per cent ad valorem	
Matting, cocoa, 1 square yard	20	"	.....		5	"	25	"
Mats and matting, all other	20	"	.....		5	"	25	"
Paintings in oil or water color, lithographs, chromolithographs, photographic albums and all other paintings, pictures, and calligraphy, not otherwise provided for	25	"	.....		10	"	35	"
Pitch, wood-tar and coal-tar	5	"	.....		5	"	10	"
Plaster of Paris	5	"	.....		5	"	10	"
Playing cards of all kinds	35	"	.....		10	"	45	"
Plumbago or blacklead	5	"	.....		5	"	10	"
Pottery, including porcelain and earthenware, not otherwise provided for	20	"	.....		10	"	30	"
Precious stones and pearls	35	"	.....		10	"	45	"
Precious stones and pearls, imitations of	30	"	.....		10	"	40	"
Putty	5	"	.....		5	"	10	"
Rattans, split or otherwise	5	"	.....		5	"	10	"
Saddles, bridles, and harness	25	"	.....		10	"	35	"
Sandalwood	10	"	.....		10	"	20	"
Shoeblacking of all kinds	20	"	.....		5	"	25	"
Smokers' articles (articles for use in opium are excluded)	30	"	.....		10	"	45	"
Soapstone, in lump or powdered	5	"	.....		5	"	10	"

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

NO. II.—TARIFFS ENACTED BY THE EMERGENCY TAX LAW [a]—*Continued*

Description	Rate of assessment	First increase	Second increase	Total rate
Import duties				
Class I				
Group XVI—*Cont.*				
Sparterie, for making hats	10 per cent ad valorem	.....	5 per cent ad valorem	15 per cent ad valorem
Sponges	5 "	.....	5 "	10 "
Stones and slates, (not otherwise provided for), rough or worked, for building purposes, etc.	5 "	.....	5 "	10 "
Ditto, worked, for ornamental works or furnitures, etc.	20 "	.....	10 "	30 "
Ditto, statues and other, sculptured or engraved	25 "	.....	10 "	35 "
Submarine telegraphic cables and underground telegraphic lines or cables	10 "	.....	10 "	20 "
Timber, santalum (shitan)	5 "	.....	5 "	10 "
Toilet or dressing cases	25 "	.....	10 "	35 "
Tortoise-shell, manufactures of	25 "	.....	10 "	35 "
Toys of all kinds	25 "	.....	10 "	35 "
Trunks, portmanteaux and traveling or courier bags	20 "	.....	10 "	30 "
Umbrellas, parasols and sunshades of silk, wholly or in part	25 "	.....	15 "	40 "
Ditto, all other	20 "	.....	10 "	30 "
Umbrella sticks and handles (except those made of gold or silver)	20 "	.....	5 "	25 "

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

No. II.—Tariffs Enacted by the Emergency Tax Law [a]—*Continued*

Vessels, steam or sailing, and boats	5 per cent ad valorem	.....	5 per cent ad valorem	10 per cent ad valorem
Wares of santalum or ebony wood	25 "	.....	10 "	35 "
All articles, raw or unmanufactured, not herein enumerated	10 "	.....	5 "	15 "
All articles, manufactured, wholly or in part, not herein enumerated	20 "	.....	10 "	30 "
Class II				
Cocoons of all kinds	.....	.....	10 "	10 "
Rice and paddy	.....	.....	15 "	15 "
Traveling tax				
Over 200 miles or knots:				
First class	.....	.....	.50 *yen*	.50 *yen*
Second class	.....	.....	.25 "	.25 "
Third class	.....	.....	.04 "	.04 "
Under 200 miles or knots:				
First class	.....	.....	.40 "	.40 "
Second class	.....	.....	.20 "	.20 "
Third class	.....	.....	.03 "	.03 "
Under 100 miles or knots:				
First class	.....	.....	.20 "	.20 "
Second class	.....	.....	.10 "	.10 "
Third class	.....	.....	.20 "	.20 "
Under 50 miles or knots:				
First class	.....	.....	.05 "	.05 "
Second class	.....	.....	.03 "	.03 "
Third Class	.....	.....	.01 "	.01 "
Textile fabric excise				
Woolen	.....	15 per cent ad valorem	.....	15 per cent ad valorem
Others	.....	.....	10 per cent ad valorem	10 "

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

No. II.—Tariffs Enacted by the Emergency Tax Law[a]—*Continued*

Description	Rate of assessment	First increase	Second increase	Total rate
Petroleum excise				
Petroleum	.....	.032 *yen* per gallon (up to Sept. 1904) (No tax from Oct. 1904)	.....	.032 *yen* per gallon
Stamps for use in civil suits				
1. The first instance				
A demand referring to property rights				
Object in dispute valued at—				
5 *yen* or less	.20 *yen*	.05 *yen*	.....	.25 *yen*
10 "	.30 "	.10 "	.....	.40 "
20 "	.60 "	.20 "	.....	.80 "
50 "	1.10 "	.30 "	.....	1.80 "
75 "	2.10 "	.30 "	.....	2.50 "
100 "	3.00 "	.50 "	.....	3.50 "
250 "	6.10 "	.50 "	.....	7.00 "
500 "	10.00 "	2.00 "	.....	12.00 "
750 "	13.00 "	2.00 "	.....	15.00 "
1000 "	15.00 "	3.00 "	.....	18.00 "
2500 "	20.00 "	5.00 "	.....	25.00 "
5000 "	25.00 "	5.00 "	.....	30.00 "
Above 5000 *yen*	2.00 *yen* for every additional 1,000 *yen*	1.00 *yen* for every additional 1,000 *yen*	.....	3.00 *yen* for every additional 1,000 *yen*
A demand referring to other than property rights	3.00 *yen*	.50 *yen*	.....	3.50 *yen*
2. Appeal (to the Court of Appeal)				
A demand referring to property rights:				
Object in dispute valued at—				
5 *yen* or less	.30 "	.025 "	.....	.325 "
10 "	.45 "	.05 "	.....	.50 "

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

No. II.—Tariffs Enacted by the Emergency Tax Law [a]—*Continued*

20 *yen* or less ...	.90 *yen*	.10 *yen*	.....	1.00 *yen*
50 " ...	2.25 "	.15 "	.....	2.40 "
75 " ...	3.30 "	.15 "	.....	3.45 "
100 " ...	4.50 "	.25 "	.....	4.75 "
250 " ...	9.75 "	.25 "	.....	10.00 "
500 " ...	15.00 "	1.00 "	.....	16.00 "
750 " ...	19.50 "	1.00 "	.....	20.50 "
1000 " ...	22.50 "	1.50 "	.....	24.00 "
2500 " ...	30.00 "	2.50 "	.....	32.50 "
5000 " ...	37.50 "	2.50 "	.....	40.00 "
Above 5000 *yen*	1.00 *yen* for every additional 1,000 *yen*	.50 *yen* for every additional 1,000 *yen*		1.50 *yen* for every additional 1,000 *yen*
A demand referring to other than property rights	4.5 *yen*	.25 *yen*	.....	4.75 *yen*
3. Revision (to the Court of Cassation)				
A demand referring to property rights				
Object in dispute valued at—				
5 *yen* or less....	.40 "	.05 "	.....	.45 "
10 "	.60 "	.10 "	.....	.70 "
20 "	1.20 "	.20 "	.....	1.40 "
50 "	3.00 "	.30 "	.....	3.30 "
75 "	4.40 "	.30 "	.....	4.70 "
100 "	6.00 "	.50 "	.....	6.50 "
250 "	13.00 "	.50 "	.....	13.50 "
500 "	20.00 "	2.00 "	.....	22.00 "
750 "	26.00 "	2.00 "	.....	28.00 "
1000 "	30.00 "	3.00 "	.....	33.00 "
2500 "	40.00 "	5.00 "	.....	45.00 "
5000 "	50.00 "	5.00 "	.....	55.00 "
Above 5000 *yen*	2.00 *yen* for every additional 1,000 *yen*	1.00 *yen* for every additional 1,000 *yen*	.....	3.00 *yen* for every additional 1,000 *yen*
A demand referring to other than property rights	6.00 *yen*	.50 *yen*	.....	6.50 *yen*

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

No. II.—Tariffs Enacted by the Emergency Tax Law[a]—*Continued*

Description	Rate of assessment	First increase	Second increase	Total rate
Stamps for use in civil suits–Cont.				
4. Motion for a judicial summons to pay				
Object in dispute valued at—				
20 *yen* or less....	.20 *yen*	.20 *yen*	.....	.40 *yen*
50 "	.20 "	.70 "	.....	.90 "
75 "	.20 "	1.05 "	.....	1.25 "
100 "	.20 "	1.55 "	.....	1.75 "
250 "	.20 "	3.30 "	.....	3.50 "
500 "	.20 "	5.80 "	.....	6.00 "
750 "	.20 "	7.30 "	.....	7.50 "
1000 "	.20 "	8.80 "	.....	9.00 "
2500 "	.20 "	12.30 "	.....	12.50 "
5000 "	.20 "	14.80 "	.....	15.00 "
Above 5000 *yen*	.20 "	1.30 *yen* for every additional 1,000 *yen*	.....	.20 *yen* and 1.30 *yen* for every additional 1,000 *yen*
5. Other propositions or motions, the value of the object in dispute or of the demand being above 20 *yen*				
Proposition to change a fixed date, to postpone pleading or to select the date of pleading.....	.20 "	.20 *yen*	.....	.40 *yen*
Proposition to continue legal proceeding interrupted or discontinued.....	.20 "	.20 "	.....	.40 "
Motion for subordinate intervention.....	.20 "	.20 "	.....	.40 "
Motion for recusation (or refusal of a judge)...	.20 "	.20 "	.....	.40 "
Proposition for compromise.....	.20 "	.20 "	.....	.40 "

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

No. II.—Tariffs Enacted by the Emergency Tax Law [a]—*Continued*

Motion for fixing the amount of expenses	.20 *yen*	.20 *yen*	.....	.40 *yen*
Proposition to obtain declaration that a sentence is admitting of provisional execution	.20 "	.20 "	.....	.40 "
Proposition for the suspension or continuance of execution or for the rescission of executionary disposition	.20 "	.20 "	.....	.40 "
Demand for distribution	.20 "	.20 "	.....	.40 "
Proposition for insolvency of family property or for rehabilitation of civil rights in case of insolvency	.20 "	.20 "	.....	.40 "
Motion for forced sale by auction or for compulsory management	.20 "	.20 "	.....	.40 "
Motion for the levy of an execution upon obligation or other property rights	.20 "	.20 "	.....	.40 "
Proposition mentioned in Arts. 732–34 of the Code of Civil Procedure	.20 "	.20 "	.....	.40 "
Proposition for the collection of evidence	.50 "	.50 "	.....	1.00 "
Motion for the delivery of the judicial decision	.50 "	.50 "	.....	1.00 "
Proposition for an exemplified copy admitting of an execution; in case there are many copies, the fee per copy	.50 "	.50 "	.....	1.00 "

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

NO. II.—TARIFFS ENACTED BY THE EMERGENCY TAX LAW[a]—*Continued*

Description	Rate of assessment	First increase	Second increase	Total rate
Stamps for use in civil suits				
5. Other propositions or motions, etc.—*Cont.*				
Provisional order of disposition	.50 *yen*	.50 *yen*	.....	1.00 *yen*
Reclamation	.50 "	.50 "	.....	1.00 "
Protest	.50 "	.50 "	.....	1.00 "
Written reply or a proposition or motion not otherwise specified	.20 "	.05 "	.....	.25 "
Motion for a judicial subrogation	.20 "	.80 "	.....	1.00 "
Proposition for the sale by auction in accordance with the law of auction	.20 "	.80 "	.....	1.00 "
Reclamation referring to a judicial subrogation, sale by auction in accordance with the law of auction, or to the registration of an immovable	.50 "	.80 "	.....	1.30 "
6. Proposition or motion referring to commercial or non-judicial affairs				
Reclamation	.50 "	.50 "	.....	1.00 "
Proposition for an adjudication of bankruptcy on the application of the creditor	.50 "	.50 "	.....	1.00 "
Proposition for a respite for payment	.50 "	.50 "	.....	1.00 "
Other propositions or motions, except that for the levy of an attachment	.20 "	.05 "	.....	.25 "

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

No. II.—Tariffs Enacted by the Emergency Tax Law[a]—*Continued*

Proposition for the levy of an attachment....	.50 *yen*	.05 *yen*	.....	.55 *yen*
7. Opening or reopening of bankruptcy proceedings				
Value of property				
5 *yen* or less	.40 "	.10 "	.....	.50 "
10 "	.60 "	.20 "	.....	.80 "
20 "	1.20 "	.40 "	.....	1.60 "
50 "	3.00 "	.60 "	.....	3.60 "
75 "	4.40 "	.60 "	.....	5.00 "
100 "	6.00 "	1.00 "	.....	7.00 "
250 "	13.00 "	1.00 "	.....	14.00 "
500 "	20.00 "	4.00 "	.....	24.00 "
750 "	26.00 "	4.00 "	.....	30.00 "
1000 "	30.00 "	6.00 "	.....	36.00 "
2500 "	40.00 "	10.00 "	.....	50.00 "
5000 "	50.00 "	10.00 "	.....	60.00 "
Above 5000 *yen*.....	4.00 *yen* for every additional 1,000 *yen*	2.00 *yen* for every additional 1,000 *yen*	.....	6.00 *yen* for every additional 1,000 *yen*
Stamps for use in administrative litigation				
Written complaint.....	.....	.....	7.00 *yen*	7.00 *yen*
Protest.....	.....	.....	1.00 "	1.00 "
Proposition for collection of evidence.....	.....	.....	1.00 "	1.00 "
Motion for delivery of the judicial decision.....	.....	.....	1.00 "	1.00 "
Proposition to change a fixed date, to postpone pleading or to select the date of pleading	.....	.....	.45 "	.45 "
Motion for subordinate intervention.....	.....	.....	.45 "	.45 "
Motion for recusation (or refusal of a judge).....	.....	.....	.45 "	.45 "
Motion for fixing amount of expenses.....	.....	.....	.45 "	.45 "
Written reply, or a proposition or motion not specified in the preceding items ...	.....	.....	.25 "	.25 "

[a] Extracted from the official *Report on the Financial Condition of the Russo-Japanese War.*

No. III.—Table Showing Excessive Increases of Indirect Taxes, 1891–1913[a]

(in thousands of yen)

Year	Revenue from taxation: Indirect taxes: Sake	Soy	Sugar	Textile fabric	Customs	Traveling	Petroleum	Total	Other taxes	Total revenue from taxation[b]	Ratio of indirect taxes: Ratio of indirect taxes to total revenue	Monopoly profits	Total of indirect taxes and monopoly profits	Total of tax rev. and monopoly profits	Ratio of indirect taxes to total of tax rev. and monopoly profits
											Per cent				*Per cent*
1891–2	14,687	....	....	....	4,540	....	....	19,227	44,434	63,661	29.7	....	19,227	63,660	29.7
1892 3	15,813	....	....	....	4,992	....	....	20,805	45,611	66,416	31.8	....	20,804	66,415	31.8
1893–4	16,637	....	....	....	5,125	....	....	21,762	47,407	69,169	31.8	....	21,763	69,169	31.8
1894–5	16,130	....	....	....	5,755	....	....	21,885	48,532	70,417	31.4	....	21,886	70,418	31.4
1895 6	17,794	....	....	....	6,786	....	....	24,580	49,034	73,614	33.8	....	24,534	73,568	33.8
1896–7	19,477	....	....	....	6,728	....	....	26,205	48,837	75,042	34.7	....	26,205	75,042	34.7
1897–8	31,105	....	....	....	8,021	....	....	39,126	54,575	93,701	41.5	292	39,421	93,993	41.5
1898–9	32,960	1,536	....	....	9,902	....	....	44,398	52,599	96,997	46.7	5,146	48,734	101,333	48.5
1899–1900	48,918	2,453	....	....	15,937	....	....	67,307	58,726	126,033	53.22	7,560	74,869	133,595	55.9
1900–1	50,294	3,154	....	....	17,010	....	....	70,458	63,469	133,927	52.2	7,244	77,701	141,170	55.3
1901–2	58,017	3,464	612	....	13,630	....	....	75,723	63,850	139,573	54.3	10,867	86,592	150,442	58.0
1902–3	63,738	3,555	4,146	....	15,501	....	....	86,940	64,144	151,084	57.6	12,368	99,308	163,453	60.7
1903–4	52,822	3,545	6,942	....	17,378	....	....	80,688	65,476	146,164	55.5	15,172	95,860	161,335	59.6
1904–5	58,286	5,109	8,362	4,424	23,160	344	1,883	101,568	92,795	194,363	52.6	34,589	136,157	228,952	59.4
1905–6	59,099	5,273	11,348	5,320	36,757	2,212	....	120,009	131,266	251,275	47.8	46,343	166,353	297,618	54.4
1906–7	71,100	5,601	16,157	5,038	41,854	2,464	....	142,214	141,256	283,470	50.2	56,971	199,184	340,440	58.5
1907–8	78,406	5,475	16,178	19,115	50,027	2,774	53	172,028	143,955	315,983	54.4	61,159	233,187	377,142	61.8
1908–9	83,591	4,859	19,684	19,317	40,068	2,831	1,689	172,039	150,044	322,083	53.2	65,132	237,191	387,768	61.1
1909–10	91,480	4,723	13,270	18,778	36,424	3,033	2,112	169,829	153,578	323,407	52.6	58,449	228,278	381,856	59.7
1910–11	86,701	4,681	17,904	18,234	39,949	3,408	2,008	172,965	144,315	317,280	54.6	62,927	235,891	380,207	62.1
1911–12	88,727	4,631	14,727	18,618	50,514	3,184	2,111	182,512	141,577	324,089	56.5	61,346	243,867	385,474	63.4
1912–13	88,482	13,790	13,790	18,644	49,892	3,580	1,999	190,177	141,944	332,121	56.0	62,213	243,233	385,177	63.1

[a] Prepared by the Toyo-keizai-shimpo-sha. [b] Does not include the stamp receipts.

No. IV.—Importation and Price of Rice[a]

Year	Imported			Market price of domestic, per *koku*	Difference between prices of imported and domestic, per *koku*	Import duty	Domestic production in preceding year
	Quantity	Value	Average price per *koku*				
	Koku	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Koku*
1868–9.....	84,000	436,000	5.18	6.37	1.19	Free	....
1869–70....	648,000	4,432,000	6.85	8.80	1.95	"	....
1870–1.....	2,151,000	14,598,000	6.79	8.90	2.11	"	....
1871–2.....	168,000	1,260,000	7.50	5.51	1.99	"	....
1872–3.....	....	....	....	3.40	....	"	....
1873–4.....	8,000	30,000	3.75	4.54	0.79	"	....
1874–5.....	4,000	24,000	6.00	6.96	0.96	"	....
1875–6.....	4,000	22,000	5.50	6.87	1.37	"	....
1876–7.....	....	....	....	4.88	....	"	....
1877–8.....	....	....	....	5.17	....	"	27,744,000
1878–9.....	....	....	....	6.04	....	"	26,596,000
1879–80....	50,000	248,000	4.96	7.88	2.92	"	25,283,000
1880–1.....	79,000	434,000	5.50	9.53	4.03	"	32,419,000
1881–2.....	22,000	135,000	6.17	10.50	4.33	"	31,359,000
1882–3.....	3,000	20,000	6.67	8.86	2.19	"	29,971,000
1883–4.....	....	....	....	6.45	....	"	30,692,000
1884–5.....	2,000	12,000	6.00	5.29	0.71	"	30,671,000
1885–6.....	118,000	674,000	6.47	6.75	0.28	"	26,350,000
1886–7.....	4,000	19,000	4.75	5.72	0.97	"	34,158,000
1887–8.....	28,000	192,000	4.61	5.06	0.45	"	37,191,000
1888–9.....	5,000	22,000	4.40	4.98	0.58	"	39,999,000
1889–90....	20,000	137,000	6.85	6.08	0.77	"	38,646,000
1890–1.....	1,838,000	12,303,000	5.06	8.96	3.90	"	33,008,000
1891–2.....	671,000	3,908,000	5.82	7.07	1.25	"	34,038,000
1892–3.....	330,000	2,503,000	7.58	7.34	0.24	"	38,124,000
1893–4.....	560,000	3,255,000	5.81	7.41	1.60	"	41,379,000
1894–5.....	1,322,000	8,413,000	6.36	8.81	2.45	"	37,200,000
1895–6.....	671,000	4,357,000	6.47	8.88	2.41	"	41,866,000
1896–7.....	745,000	5,662,000	7.61	9.53	1.92	"	39,921,000
1897–8.....	2,520,000	21,528,000	8.25	11.87	3.62	"	36,200,000
1898–9.....	4,678,000	48,220,000	10.31	14.72	4.41	"	33,039,000
1899–1900 .	660,000	5,960,000	9.03	10.03	1.00	"	47,388,000
1900–1.....	1,372,000	9,022,000	6.58	11.97	5.39	"	39,698,000
1901–2.....	1,245,000	11,879,000	9.54	12.29	2.75	"	41,466,000
1902–3.....	1,804,000	17,751,000	9.86	12.65	2.79	"	46,914,000
1903–4.....	4,865,000	51,960,000	10.68	14.44	3.76	"	36,932,000
1904–5.....	5,892,000	59,792,000	10.15	13.20	3.05	"	46,473,000
1905–6.....	4,638,000	47,981,000	10.26	12.84	2.58	1.6 per 100 *kin*	51,430,000
1906–7.....	2,440,000	26,172,000	10.73	14.69	3.96	1.6 "	38,173,000
1907–8.....	2,708,000	30,931,000	11.45	16.43	4.98	1.6 "	46,303,000
1908–9.....	1,941,000	22,689,000	11.70	15.74	4.04	1.6 "	49,052,000
1909–10...	1,325,000	13,586,000	10.25	13.18	2.93	1.6 "	51,394,000
1910–11...	918,000	8,644,000	9.42	13.27	3.85	1.6 "	52,438,000
1911–12....	1,719,000	17,721,000	10.31	17.28	6.97	2.50"	46,633 000
1912–13[b]...	645,000	7,965,000	12.36	19.62	7.26	2.50"	51,638,000

[a] Prepared by the Toyo-keizai-shimpo-sha. [b] From January to May.

No. V.—Statistics Concerning the Bourses [a]

A.—*Rates of dividend of the bourses*, 1901–1905 [b]

Name of bourse or exchange	1901	1902	1903	1904	1905
	Per cent	*Per cent*	*Per cent*	*Per cent*	*Per cent*
Tokyo Rice	2.65	2.40	2.33	2.16	1.88
Tokyo Stock	1.35	1.83	1.29	1.35	2.15
Tokyo Merchandise	1.25	0.17	0.45	0.65	0.71
Ôsaka Dojima Rice	1.55	1.75	1.55	1.25	1.45
Ôsaka Stock	1.50	1.50	1.05	1.00	1.58
Ôsaka Sampin	2.67	1.15	1.35	1.35	1.20
Ôsaka Oil	0.85	0.43	0.75	0.70	0.70
Ôsaka Sugar	0.50	Closed	Closed	Closed	Closed
Yokohama Silk and others	1.50	0.75	1.00	0.50	0.70
Yokohama Stock and Rice	No dividend	No dividend	0.30	0.27	0.80
Kobe Silk and others	No dividend	Closed	Closed	Closed	Closed
Kobe Merchandise	No dividend	No dividend	No dividend	No dividend	No dividend
Kobe Rice, Stock and others	0.85	1.25	1.30	1.25	1.30
Nagoya Rice	1.35	1.29	1.30	1.10	1.40
Nagoya Stock	0.80	0.76	0.54	0.60	0.90
Nagoya Silk and Cotton	No dividend	Closed	Closed	Closed	Closed
Otaru Rice, Stock and others	1.75	3.50	No dividend	No dividend	No dividend
Sendai Rice	0.70	0.32	0.50	No dividend	0.20
Niigata Rice and Stock	3.50	0.98	1.70	1.10	1.30
Niigata Merchandise	0.13	Closed	Closed	Closed	Closed
Tokushima Rice and Stock	0.80	0.38	Closed	Closed	Closed
Okayama Rice and Stock	1.10	0.35	1.00	0.74	0.90
Ôita Rice	0.80	0.19	0.80	Closed	Closed
Shimonoseki Rice	2.50	1.60	1.35	1.23	1.05
Wakayama Rice	1.20	0.27	0.25	No dividend	0.25
Matsuyama Rice and Stock	....	....	0.72	0.55	0.55
Kumamoto Rice	....	....	....	0.30	0.55

[a] Prepared by the Commission of Inquiry into the Tax Laws (Zeiho-Shinsakai).
[b] Average (1900–4): 1900, 1.81; 1901, 1.14; 1902, 0.89; 1903, 0.90; 1904, 0.78.

No. V.—Statistics Concerning the Bourses—*Continued*

B.—*Fees and other accounts of the bourses*

Items	Merchandise	Negotiable instruments	Total
Amount of fees received	*Yen*	*Yen*	*Yen*
1903	1,334,291	506,362	1,840,653
1904	1,125,427	593,325	1,718,753
1905	1,495,346	1,558,473	3,053,820
Average	1,318,355	886,054	2,204,408
Amount of contracts transacted			
1903	1,030,809,597	291,823,895	1,322,633,493
1904	703,808,269	268,942,278	972,750,547
1905	784,395,719	1,137,974,487	1,922,370,207
Average	839,671,195	566,246,887	1,405,918,082
Distribution of fees[a]			
Taxes	941,275	1,365,569	2,306,844
Reserve fund	74,148	61,890	136,038
Net profit	257,776	73,946	331,722
Other expenses	222,147	57,068	279,215
Sundry receipts exclusive of fees[a]			
Interest on deposits	188,746	29,078	217,824
Interest on instruments	107,298	....	107,298
Rent of lands and warehouses	21,601	....	21,601
Interest on public loans	6,936	....	6,936
Fees on renewal of share certificates and others	129,677	13,628	143,305
Interest on loans	....	116,865	116,865

[a] According to the investigation of 1905.

C.—*Amount of tax paid by bourses, 1899–1906*

Year	Merchandise		Negotiable instruments		National loans		Local loans	
	Value of contracts	Tax	Value of contracts	Tax	Value of contracts	Tax	Value of contracts	Tax
	Yen	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*
1899–1900	1,191,821,516	715,093	769,848,262	461,908	14,361	4	117,360	35
1900–1901	1,463,846,998	878,267	516,768,038	310,102	18,104	9	26,105	8
1901–1902	1,019,616,044	611,769	366,407,375	219,809	41,018	12	164	..
1902–1903	1,098,626,480	659,176	282,207,402	172,924	1,614	..	390	..
1903–1904	1,205,057,781	723,034	324,524,652	194,714	5,565	..	186	..
1904–1905	653,749,539	599,960	297,071,087	280,304	2,767	..	..	..
1905–1906	820,446,660	984,536	1,818,962,665	1,418,355	16,096	8	..	..

No. VI.—Comparison of Revenue of Individuals and Burden of Taxation[a]

Prefectures	Occupation	Revenue			National taxes				Local taxes			Grand total of taxes	Ratio of revenue to tax[b]
		Source	Amount	Total	Land	Income	Business	Total	Prefectural	Municipal, town or village	Total		
			Yen	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Per cent*
Hokkaido..	Agriculture	Land: †27.7 (*643)	780.00	780	25,720	18,460	....	44,180	16,360	37,770	54,130	98,310	12.6
	Trade	Sales: 4,272 *yen*	465.00	465	....	8,600	24,030	32,630	3,700	9,720	13,420	46,050	9.9
Aomori....	Agriculture	Land: †45.2 (*5,522)	1,519.00	1,669	305,110	43,840	....	348,950	91,090	104,700	195,790	544,740	33.0
		Loan: 1,250 *yen*	150.00										
	Trade	Sales: 17,300 *yen*	1,163.00	1,163	6,400	36,110	55,000	94,510	12,820	76,990	89,810	187,320	16.1
Akita.....	Agriculture	Land: †22.4 (*2,796)	1,019.00	1,019	171,380	35,170	....	206,550	52,560	76,570	129,130	335,680	32.5
	Trade	Land: †22.4 (*2,134)	807.00										
		Sales: 5,400 *yen*	391.00										
		Loan: 524 *yen*	....	1,198	120,260	25,030	31,400	176,690	36,790	35,031	71,820	248,510	20.1
Iwate.....	Agriculture	Land: †8.7 (*1,829)	472.00										
		Loan: 628 *yen*	151.00	623	102,600	16,380	....	118,980	37,460	44,080	81,540	200,520	32.2
	Trade	Land: †0.7 (*269)	62.00										
		Sales: 3,565 *yen*	570.00	679	15,550	17,220	27,200	59,970	12,400	22,280	34,680	94,650	13.9
		Loan: 250 *yen*	47.00										
Yamagata .	Agriculture	Land: †19.6 (*6,837)	1,575.00	1,626	380,620	38,230	....	418,850	112,570	133,130	245,700	664,550	41.0
		Loan: 500 *yen*	50.00										
	Trade	Land: †0.5 (*232)	51.00										
		Sales: 6,400 *yen*	163.00	438	14,290	8,760	22,150	45,200	13,350	14,200	27,550	72,750	16.6
		Loan: 1,410 *yen*	224.00										
Miyagi....	Agriculture	Land: †12.2 (*1,043)	210.00										
		Loan: 590 *yen*	70.00	399	36,070	14,360	....	50,430	29,320	83,680	113,000	163,430	41.0
		Sericulture: 143 pieces	119.00										
	Trade	Sales: 7,200 *yen*	400.00										
		Loan: 12 *yen*	10.00	410	300	6,000	27,350	33,650	4,500	11,240	15,740	49,390	12.0
Fukushima	Agriculture	Land: †6 (*1,547)	451.00										
		Sericulture: 6 pieces	30.00	481	87,660	9,620	....	97,280	15,840	15,260	31,100	128,380	26.7
	Trade	Sales: 6,170 *yen*	525.00	525	....	13,610	21,930	35,540	6,430	12,430	18,860	54,400	14.0
Tochigi....	Agriculture	Land: †10.3 (*3,765)	1,032.00										
		Loan: 170 *yen*	20.00	1,052	208,120	19,660	....	227,780	48,620	43,100	91,720	319,500	30.4
	Trade	Land: †1.9 (*676)	152.00										
		Loan: 3,295 *yen*	292.00	935	38,070	22,160	41,350	101,580	17,490	38,420	55,910	157,490	16.8
		Sales: 7,900 *yen*	491.00										
Ibaraki....	Agriculture	Land: †17.3 (*2,138)	650.00										
		Loan: 300 *yen*	45.00	695	122,170	13,360	....	135,530	28,230	28,730	56,960	192,490	27.6
	Trade	Land: †4.0 (*134)	22.00										
		Loan	20.00	463	7,930	8,020	42,130	58,080	6,950	14,740	21,690	79,770	17.2
		Sales: 7,500 *yen*	412.00										
Gunma....	Agriculture	Land: †4.9 (*1,196)	455.00										
		Sericulture: 2 pieces	20.00	475	66,470	7,000	....	73,470	20,740	22,880	43,620	117,090	24.7
	Trade	Land: †4.3 (*168)	94.00										
		Sales: 2,500 *yen*	354.00	448	10,520	8,100	24,030	42,650	8,100	18,170	26,270	68,920	15.4

[a] Prepared by the Commission of inquiry into the Tax Laws (Zeiho-Shinsakai). The figures marked with an asterisk (*) denote the assessed value of the land in *yen:* those marked with a dagger (†) the area of the land in *tan.*

[1] Total average ratio of revenue to tax: Peasantry, 28 per cent; traders, 14 per cent.

No. VI.—Comparison of Revenue of Individuals and Burden of Taxation[a]—*Continued*

			Yen	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Per cent*
Ishikawa ..	Agriculture	Land: †3.5 (*1,315)	390.00	390	57,630	6,980	....	64,610	18,940	30,520	49,460	114,070	29.9
	Trade	Sales: 3,647 *yen*	983.00	983	7,980	22,680	54,980	85,640	12,720	12,590	25,310	110,950	11.3
Toyama...	Agriculture	Land: †7.1 (*2,879)	750.00	750	185,350	9,880	....	168,230	71,670	28,610	100,280	268,510	35.8
	Trade	Sales: 4,685 *yen*	360.00	360	15,640	8,400	25,800	49,840	14,950	25,310	40,260	90,100	22.0
Fukui.....	Agriculture	Land: †3.0 (*1,267)	447.00	447	70,580	7,720	....	78,300	24,710	24,260	48,970	127,270	28.5
	Trade	Land: †1.0 (*425)	144.00										
		Sales: 1,700 *yen*	440.00	790	36,020	17,810	18,550	72,380	24,290	41,310	65,600	137,980	17.5
		Loan: 271 *yen*	206.00										
Nagano...	Agriculture	Land: †4.5 (*548)	273.00										
		Sericulture: 30 *kwan*	27.00	300	32,180	7,340	....	39,520	10,410	21,520	31,930	71,450	23.8
	Trade	Sales: 6,700 *yen*	458.00										
		Rented houses: 1	30.00	488	12,200	8,600	37,750	47,570	3,020	17,640	20,660	68,230	14.0
Niigata....	Agriculture	Land: †6.6 (*1,407)	600.00										
		Sericulture: 30 *kwan*	66.00	666	79,610	12,720	....	92,330	51,370	53,230	104,600	196,930	29.6
	Trade	Sales: 12,500 *yen*	500.00	500	....	10,080	30,700	40,780	9,130	19,560	28,690	69,470	13.9
Tokyo.....	Agriculture	Land: †16.3 (*3,044)	950.00										
		Rented houses	251.97										
		Rented land Loan Forest	95.38	1,430	184,612	39,150	....	223,762	54,460	106,990	161,450	385,212	27.0
	Trade	Sales: 40,000 *yen*	920.00	920	....	20,160	135,680	155,840	16,500	40,360	56,860	212,700	23.1
Chiba.....	Agriculture	Land: †17.4 (*3,482)	1,302.00										
		Loan: 1,000 *yen*	100.00	1,402	194,550	36,090	....	230,640	43,980	48,650	92,630	323,270	22.9
	Trade	Sales: 4,000 *yen*	660.00	660	3,220	13,860	47,500	64,580	6,950	12,190	19,140	83,720	12.7
Yamanashi	Agriculture	Land: †5.4 (*1,943)	596.00										
		Loan: 485 *yen*	74.00	700	106,880	13,650	....	120,530	34,450	36,080	70,530	191,060	27.2
		Sericulture: 6 pieces	30.00										
	Trade	Sales: 6,384 *yen*	585.00										
		Rented land: 168 *tsubo*	....	585	9,010	6,560	20,580	36,420	5,410	14,220	19,630	56,050	9.5
Kanagawa.	Agriculture	Land: †4.0 (*1,688)	470.00	470	93,870	7,160	....	101,030	25,830	20,930	46,760	147,790	31.4
	Trade	Sales: 6,600 *yen*	509.00										
		Loan: 155 *yen*	25.00	534	....	9,520	25,450	34,970	2,040	31,160	33,200	68,170	12.7
Saitama...	Agriculture	Land: †12.8 (*2,144)	522.00	522	120,470	14,200	....	134,670	35,160	15,050	50,210	184,880	35.4
	Trade	Land: †.1 (*644)	11.00										
		Rented land: †1 (*75)	23.00	487	9,610	8,460	32,680	50,750	5,396	7,268	12,664	63,414	13.0
		Sales: 5,500 *yen*	453.00										
Shizuoka...	Agriculture	Land: †10.5 (*1,973)	612.00	612	112,790	8,800	....	121,590	27,340	31,290	58,630	180,220	29.4
	Trade	Sales: 7,500 *yen*	526.00	526	1,230	9,040	27,930	38,200	4,970	12,800	17,770	55,970	10 6
Aichi.....	Agriculture	Land: †49.9 (*2,548)	830.00										
		Loan: 2,700 *yen*	252.00	1,082	144,070	18,520	....	162,590	33,520	33,440	66,960	229,550	21.2
	Trade	Sales: 3,500 *yen*	385.00										
		Loan: 450 *yen*	59.00	460	2,620	8,000	20,930	31,550	2,850	18,860	21,710	53,260	11.6
		Land: †.1 (*33)	16.00										
Gifu... ..	Agriculture	Land: †9.1 (*4,957)	1,523.00	1,523	278,790	21,420	....	300,210	88,060	51,720	139,780	439,990	28.8
	Trade	Sale: 4,653 *yen*	472.00	472	....	8,100	20,200	28,300	3,820	5,380	9,200	37,500	7.9
Miye.....	Agriculture	Land: †5.9 (*2,408)	775.00										
		Loan: 650 *yen*	65.00	840	132,240	14,600	....	146,840	37,380	30,080	67,460	214,300	25.4
	Trade	Sales: 6,339 *yen*	472.00	472	2,920	8,400	28,830	40,150	5,370	11,620	16,990	57,140	11.9

[a] Prepared by the Commission of inquiry into the Tax Laws (Zeiho-Shinsakai). The figures marked with an asterisk (*) denote the assessed value of the land in *yen:* those marked with a dagger (†) the area of the land in *tan.*

[b] Total average ratio of revenue to tax: Peasantry, 28 per cent; traders, 14 per cent.

No. VI.—Comparison of Revenue of Individuals and Burden of Taxation[a]—*Continued*

Prefectures	Occupation	Revenue			National taxes				Local taxes			Grand total of taxes	Ratio of Revenue to tax[b]
		Source	Amount	Total	Land	Income	Business	Total	Prefectural	Municipal, town or village	Total		
			Yen	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Per cent*
Shiga.....	Agriculture	Land: †5.5(*3,065)	802.00	....	....	....	....	....	....	....	....	....	....
		Loan: 410 *yen*	19.00	893	168,590	17,680	....	186,270	35,110	47,270	82,380	268,650	30.1
		Reward: 72 *yen*	72.00										
	Trade	Sales: 4,056	730.00	730	29,970	8,700	42,200	80,872	8,110	13,170	21,280	102,152	14.0
Kyoto.....	Agriculture	Land: †10.3(*2,987)	720.00										
		Loan: 180 *yen*	26.00	900	167,610	8,860	....	176,470	56,010	42,610	98,620	275,090	30.6
		Sericulture: 197 pieces	154.00										
	Trade	Sales: 7,660 *yen*	532.00	532	....	8,040	37,850	45,890	6,830	14,460	21,290	67,180	12.6
Osaka.....	Agriculture	Land: †1.8(*1,238)	275.00										
		Loan: 800 *yen*	141.00	416	77,540	6,880	....	84,420	24,650	27,250	51,900	136,320	32.7
	Trade	Sales: 7,906 *yen*	385.00										
		Loan: 1,040 *yen*	48.00	433	....	7,640	40,860	48,500	9,190	17,270	26,460	74,960	17.3
Nara.....	Agriculture	Land: †4.1(*2,960)	784.00										
		Loan: 1,670 *yen*	188.00	972	166,420	16,420	....	182,840	61,150	36,170	97,320	280,160	28.8
	Trade	Land: †.6(*395)	141.00										
		Rent of houses: 3	90.00	843	25,210	17,680	29,883	72,720	21,420	34,440	55,860	128,580	15.3
		Sales: 4,100 *yen*	612.00										
Wakayama.	Agriculture	Land: †3.8(*1,086)	528.00										
		Loan: 105 *yen*	27.00	555	106,070	7,600	....	113,670	45,580	14,660	60,240	173,910	31.3
	Trade	Sales: 20,000 *yen*	827.00	827	19,910	20,160	35,800	75,870	15,360	18,150	33,510	109,380	13.2
Hyogo....	Agriculture	Land: †4.5(*1,796)	828.00	828	98,760	17,600	....	116,360	26,230	61,980	88,210	204,570	24.7
	Trade	Sales: 6,000 *yen*	1,092.00										
		Rent of houses: 302 *yen*	111.00	1,277	2,580	41,100	60,200	103,880	510	32,160	32,670	136,550	10.7
		Land: †.4(*41)	74.00										
Hiroshima.	Agriculture	Land: †9.2(*2,588)	796.00	796	143,590	15,270	....	158,860	36,590	47,480	84,070	242,930	30.5
	Trade	Sales: 3,000 *yen*	403.00	403	....	7,100	26,250	33,350	4,220	9,592	13,810	47,160	11.7
Okayama..	Agriculture	Land: †2.7(*1,507)	335.00										
		Loan: 950 *yen*	125.00	460	82,250	6,920	....	89,170	23,080	23,870	46,950	136,120	29.6
	Trade	Sales: 3,350 *yen*	354.00										
		Loan: 100 *yen*	12.00	366	4,490	7,320	22,450	34,270	3,110	8,200	11,300	45,570	12.4
Yamaguchi.	Agriculture	Land: †1.6(*805)	426.00										
		Loan: 120 *yen*	10.00	436	44,300	8,200	....	52,500	13,380	19,650	33,030	85,530	19.5
	Trade	Land: †.3(*35)	.00										
		Sales: 9,000 *yen*	779.00	853	2,790	20,520	40,130	63,440	9,240	26,640	35,880	99,320	11.6
		Rent of houses: 3	40.00										
Shimane...	Agriculture	Land: †10.3(*5,086)	1,542.00	1,542	279,730	37,930	....	317,660	70,300	81,890	151,190	468,850	30.5
	Trade	Land: †.6(*254)	79.00										
		Sales: 9,300 *yen*	791.00										
		Loan: 500 *yen*	169.00	1,097	21,520	22,950	57,130	101,600	23,200	82,090	105,290	206,890	18.8
		Rent of houses: 220 *tsubo*	58.00										

[a] Prepared by the Commission of inquiry into the Tax Laws (Zeiho-Shinsakai). The figures marked with an asterisk (*) denote the assessed value of the land in *yen:* those marked with a dagger (†) the area of the land in *tan.*

[b] Total average ratio of revenue to tax: Peasantry, 28 per cent; traders, 14 per cent.

No. VI.—Comparison of Revenue of Individuals and Burden of Taxation[a]—*Continued*

			Yen	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Per cent*
Tottori....	Agriculture	Forest: 12 *yen*	12.00	....	....	....	....	....	....	....	....	....	....
		Land: †9.8(*4,178)	1,350.00	1,307	229,790	37,580	....	267,370	53,180	50,540	103,720	371,090	27.1
		Cattle: 5 *yen*	5.00										
	Trade	Land: †.02(*152)	00										
		Rent of houses: 108	79.00	1,242	30,410	37,650	73,700	141,760	13,270	37,900	51,170	192,930	15.5
		Loan: 38 *yen*	7.00										
		Sales: 12,000 *yen*	1,156.00										
Fukuoka...	Agriculture	Land: †5.7(*1,960)	668.00	668	109,890	99,540	....	119,430	16,920	33,920	50,840	170,270	25.5
	Trade	Sales: 4,100 *yen*	563.00										
		Rent of houses: 2	71.00	634	....	15,230	45,080	60,310	8,620	22,480	31,100	91,410	14.4
Nagasaki..	Agriculture	Land: †14.2(*1,628)	802.00										
		Loan: 100 *yen*	15.00	817	89,540	17,470	....	107,010	38,970	66,170	105,140	212,150	26.0
	Trade	Sales: 8,000 *yen*	856.00	856	10,730	20,830	49,500	81,060	12,510	25,730	38,240	119,300	13.9
Kumamoto.	Agriculture	Land: †2.9(*1,387)	519.00	519	76,320	8,320	....	84,640	11,620	25,310	36,930	121,570	23.4
	Trade	Sales: 6,500 *yen*	800.00	800	....	19,680	47,050	66,730	5,180	25,450	30,630	97,360	12.1
Miyazaki..	Agriculture	Land: †1.6(*1,190)	309.00										
		Loan: 100 *yen*	20.00	338	46,570	6,780	....	53,350	17,190	30,460	47,650	101,000	29.8
		Sericulture: 6 pieces	9.00										
	Trade	Sales: 3,600 *yen*	360.00	360	....	7,200	24,650	31,850	4,450	8,900	13,350	45,200	12.5
Oita.....	Agriculture	Land: †2.4(*790)	327.00										
		Loan: 165 *yen*	22.00	349	42,820	6,040	....	48,860	13,790	13,400	27,190	76,050	21.7
	Trade	Sales: 3,638 *yen*	489.00	489	....	8,520	33,550	42,070	5,960	15,430	21,390	63,460	13.0
Kagoshima	Agriculture	Land: †6.4(*716)	273.00	273	39,460	7,020	....	46,480	12,140	18,910	31,050	77,530	28.0
	Trade	Land: †.4(*46)	18.00										
		Sales: 4,500 *yen*	400.00	418	2,880	8,380	24,700	35,960	6,440	24,050	30,490	66,450	15.9
Saga.....	Agriculture	Land: †4.4(*1,063)	681.00	681	116,030	13,130	....	129,160	31,860	22,690	54,550	183,710	27.0
	Trade	Sales: 1,850 *yen*	407.00										
		Land: †.6(*15)	4.00	411	5,380	7,500	23,230	36,110	4,120	10,270	14,390	50,500	12.3
Tokushiam.	Agriculture	Land: †6.4(*1,788)	644.00	762	179,147	13,230	13,900	206,277	27,438	42,022	69,460	275,737	36.2
		Loan: 919 *yen*	118.00										
	Trade	Land: †.4(*72)	43.00										
		Loan: 721 *yen*	88.00										
		Sales: 6,700 *yen*	403.00	579	13,370	9,960	23,700	47,030	7,060	7,510	14,570	61,600	10.9
		Rent of houses: 320 *yen*	45.00										
Kochi.....	Agriculture	Land: †4.4 (*2,375)	689.00										
		Rent of houses: 210 *yen*	15.00	704	131,840	14,970	....	146,810	19,710	29,250	48,960	195,770	27.8
	Trade	Sales: 11,030 *yen*	704.00	704	20,540	22,850	44,080	77,470	6,550	8,830	15,380	92,850	13.4
Ehima.....	Agriculture	Land: †4.1(*1,155)	513.00										
		Loan: 50 *yen*	47.00	574	63,240	9,620	....	72,860	21,770	44,270	66,040	138,900	24.2
		Sericulture: 17 *yen*	14.00										
	Trade	Land: 22 *bu* (*3)	1.00										
		Sales: 5,067 *yen*	557.00	558	150	9,920	30,880	40,950	9,839	18,394	28,233	69,183	12.4
Kagawa...	Agriculture	Land: †3.7(*1,923)	562.00										
		Rent of houses: 18 *tsubo*	12.00	574	108,390	8,560	....	116,950	25,540	42,100	67,640	184,590	32.1
	Trade	Land: †.05(*38)	26.00										
		Sales: 7,000 *yen*	575.00	619	3,040	12,810	66,530	82,320	9,630	23,740	33,370	115,750	18.7
		Loan: 150 *yen*	18.00										

[a] Prepared by the Commission of inquiry into the Tax Laws (Zeiho-Shinsakai). The figures marked with an asterisk (*) denote the assessed value of the land in *yen:* those marked with a dagger (†) the area of the land in *tan.*

[b] Total average ratio of revenue to tax: Peasantry, 28 per cent; traders, 14 per cent.

No. VII.—Returns on Anticipatory Importation of Principal Commodities 1903–1906[a]

Commodities	1905–6	1904–5	1903–4
	Yen	*Yen*	*Yen*
Implements and tools of farmers, mechanics, and cutlery makers	708,288	355,022	319,811
Musical and physical instruments	384,717	247,185	272,322
Electric light apparatus and fire engines	1,215,472	614,202	694,087
Photographic instruments and fittings	688,566	424,121	498,754
Wheat and wheat flour	13,963,459	11,162,170	15,492,258
Carbolic acid and antipyrin	705,331	344,913	303,178
Rice	47,981,265	59,791,910	51,960,272
Cotton seeds and sesame	1,841,859	1,254,660	1,202,130
Hides or skins of bulls, oxen, cows, and buffaloes	2,077,996	2,319,226	825,814
Brass tubes and pipes	416,734	169,858	157,334
Copper tubes and pipes	571,818	284,774	245,957
Petroleum	12,061,261	18,201,489	11,455,696
Linseed oil and machine oil	970,703	572,755	683,542
Sugar	13,046,772	18,031,922	14,817,125
Cotton thread	628,703	476,674	325,356
Coke	728,283	192,539	79,136
Bicycles and parts thereof	1,364,383	953,199	972,972
Glue	340,179	217,080	154,083
Laundry soap	134,270	69,796	85,051

[a] Prepared by the Toyo-keizai-shimpo-sha.

No. VIII.—Statistics Concerning Wages of Laborers[a]

A.—*Increases of wages of general laborers, 1900–1910*

Kind of employment	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910
House-building, etc.	100	108.1	110.0	111.5	108.0	111.8	121.3	142.9	155.7	153.5	154.4
Tool-making, etc.	100	107.5	111.7	111.3	109.5	114.9	122.1	134.1	141.7	144.5	147.5
Agriculture	100	102.4	100.7	105.0	104.2	109.7	111.9	126.0	135.0	132.6	141.5
Clothing, etc.	100	103.4	107.8	108.6	106.8	112.5	121.5	131.5	136.6	139.3	146.6
Food and drink manufacture	100	100.9	106.6	111.2	108.6	111.2	113.4	125.8	132.0	136.8	141.9
Miscellaneous	100	102.8	108.4	109.5	108.1	112.4	116.7	138.0	148.6	152.2	154.9
Total average	100	104.7	107.7	109.5	107.5	112.1	118.4	134.1	143.0	144.1	148.5

[a] Quoted from the statistics prepared by the Department of Agriculture and Commerce. The figures for Table A represent the index numbers obtained by averaging the real figures of wages in respective years, while those for Table B represent the index number of wages in corresponding years. Hence, both numbers do not claim any approach to accuracy, although the general aspects of fluctuations in wages may be observed therein.

No. VIII.—Statistics Concerning Wages of Laborers[a]—*Continued*

B.—*Average daily wages of factory laborers and increases, 1900—1910*

Year	Filature		Cotton-spinning		Cotton-tissue weaving		Carriage manufacture		Machine driving		Printing		Average		
													Table A		Table B
	Wages	Index No.	Wages	Index No.	Wages	Index No.	Wages	Index No.	Wages	Index No.	Wages	Index No.	Wages	Index No.	Index No.
	Yen		*Yen*		*Yen*		*Yen*		*Yen*		*Yen*		*Yen*		
1900	.260	100	.310	100	.250	100	.450	100	.570	100	.350	100	.365	100	100
1901	.270	104	.310	100	.270	108	.460	102	.510	89	.400	114	.367	101	103
1902	.290	112	.290	94	.300	120	.520	116	.510	89	.420	120	.388	106	103
1903	.290	112	.300	97	.270	108	.510	113	.530	93	.410	117	.385	106	107
1904	.290	112	.390	126	.270	108	.520	116	.570	100	.410	117	.408	112	113
1905	.290	112	.330	106	.250	100	.550	122	.550	96	.420	120	.398	109	109
1906	.300	115	.360	116	.310	124	.530	118	.410	72	.490	140	.400	110	114
1907	.320	123	.400	129	.340	136	.600	133	.640	112	.490	140	.465	127	129
1908	.570	220	.390	126	.400	160	.660	147	.600	105	.510	146	.522	142	151
1909	.370	142	.390	126	.360	156	.610	136	.640	112	.510	146	.483	132	136
1910	.370	142	.430	140	.360	144	.570	127	.620	109	.510	146	.480	131	135

[a] Quoted from the statistics prepared by the Department of Agriculture and Commerce. The figures for Table A represent the index numbers obtained by averaging the real figures of wages in respective years, while those for Table B represent the index number of wages in corresponding years. Hence, both numbers do not claim any approach to accuracy, although the general aspects of fluctuations in wages may be observed therein.

No. IX.—Judicial Disposition Passed for Recovery of Taxes in Arrears[a]

A.—*Taxes in arrears pressed for payment*

Items	1903–4		1904–5		Increase or decrease[b] over previous year		1905–6		Increase or decrease[b] over previous year	
	Amount of taxes	No. of defaulters	Amount of taxes	No. of defaulters	Amount of taxes	No. of defaulters	Amount of taxes	No. of defaulters	Amount of taxes	No. of defaulters
	Yen		*Yen*		*Yen*		*Yen*		*Yen*	
Land tax	347,888	331,052	506,965	356,122	159,077	25,070	1,045,982	352,924	539,016	3,198
Income tax	325,868	58,904	452,307	67,413	126,438	8,509	1,001,739	118,012	549,432	50,599
Business tax	523,045	97,043	955,421	101,469	432,366	4,426	1,366,230	93,894	410,809	17,575
Sake tax	1,202,070	4,039	1,072,455	3,964	—129,614	—75	564,564	3,195	—507,890	—769
Soy tax	32,617	1,151	37,753	21,178	5,135	20,027	27,629	22,555	—10,123	1,374
Business tax on patent medicines	10,409	5,086	15,434	5,699	5,025	613	18,320	5,244	2,886	—455
Mining tax	82,800	1,615	144,645	3,185	61,844	1,570	360,635	5,594	215,989	2,409
Bourse tax	3,580	13	843	4	—2,736	—9	....	....	— 843	—4
Stamp receipts	109	469	649	349	539	—120	20,880	3,450	20,231	3,101
Total	2,528,386	499,372	3,186,472	559,383	658,074	60,011	4,405,979	604,868	1,219,507	45,482

B.—*Seizure of property carried out for the recovery of taxes*

Items	1903–4		1904–5		Increase or decrease[b] over previous year		1905–6		Increase or decrease[b] over previous year	
	Amount of taxes	No. of defaulters	Amount of taxes	No. of defaulters	Amount of taxes	No. of defaulters	Amount of taxes	No. of defaulters	Amount of taxes	No. of defaulters
	Yen		*Yen*		*Yen*		*Yen*		*Yen*	
Land tax	26,836	29,237	43,743	37,874	16,907	8,637	79,407	43,954	35,663	6,080
Income tax	9,544	2,331	14,744	2,989	5,200	658	31,574	5,149	16,829	2,160
Business tax	29,522	7,201	62,381	8,902	32,859	1,701	99,443	9,083	37,061	181
Sake tax	1,018,653	1,264	978,737	1,149	— 39,919	—115	545,848	811	—432,889	—338
Soy tax	4,294	78	5,113	1,122	819	1,044	2,034	1,333	—3,079	211
Business tax on patent medicines	1,165	471	1,538	462	373	9	1,557	495	18	33
Mining tax	6,632	109	7,564	158	932	49	39,470	533	31,905	375
Bourse tax	148	1	71	1	—77	0	....	....	—77	—1
Stamp receipts	50	204	27	22	—22	—182	652	84	625	62
Total	1,097,244	40,896	1,113,91[illegible]	52,679	17,076	11,783	799,988	61,442	—313,935	8,763

[a] Tables A, B, C, D indicate the actual conditions for each fiscal year of the judicial dispositions for the recovery of taxes in arrears, leaving out of account the amount brought over from the preceding fiscal year. The amount increases slightly with the years; but if allowance is made for the amount brought over, mainly consisting of the *sake* tax in arrears, the total arrearages since 1902–3 result in gradual decrease.

[b] Indicated by minus sign.

No. IX.—Judicial Disposition Passed for Recovery of Taxes in Arrears[a]—*Continued*

C.—*Arrears recovered by the dispositions*

Items	1903–4		1904–5		Increase or decrease[b] over previous year		1905–6		Increase or decrease[b] over previous year	
	Amount of taxes	No. of defaulters	Amount of taxes	No. of defaulters	Amount of taxes	No. of defaulters	Amount of taxes	No. of defaulters	Amount of taxes	No. of defaulters
	Yen		*Yen*		*Yen*		*Yen*		*Yen*	
Land tax	3,536	5,753	4,540	5,737	1,003	16	9,200	8,566	4,659	2,829
Income tax	2,210	399	2,099	507	—111	108	6,499	876	4,400	371
Business tax	3,106	634	6,072	908	2,965	274	13,531	1,121	7,458	213
Sake tax	480,855	659	565,742	666	84,886	7	272,063	370	—293,678	—296
Soy tax	2,539	14	3,143	139	603	125	543	194	— 2,599	55
Business tax on patent medicines	81	45	81	54	....	9	236	63	154	9
Mining tax	1,172	15	807	24	—365	9	2,188	65	1,381	41
Bourse tax	....	....	71	1	71	1	....	....	—71	—1
Stamp receipts	53	204	0	1	—52	—303	74	4	73	3
Total	493,552	7,823	582,555	8,037	89,002	214	304,337	11,261	278,220	3,224

D.—*Arrears that resulted in loss to Treasury*

Items	1903–4		1904–5		Increase or decrease[b] over previous year		1905–6		Increase or decrease[b] over previous year	
	Amount of taxes	No. of defaulters	Amount of taxes	No. of defaulters	Amount of taxes	No. of defaulters	Amount of taxes	No. of defaulters	Amount of taxes	No. of defaulters
	Yen		*Yen*		*Yen*		*Yen*		*Yen*	
Land tax	2,290	1,327	2,345	1,090	55	—237	3,037	753	691	—337
Income tax	10,119	2,813	13,010	2,931	2,890	118	14,927	4,475	1,917	1,544
Business tax	15,537	3,583	22,357	4,376	6,819	793	42,594	3,832	20,237	—544
Sake tax	368,906	451	381,007	393	12,101	—58	82,740	348	—298,266	—45
Soy tax	20	22	887	165	866	143	583	1,167	—304	1,002
Business tax on patent medicines	685	379	919	433	233	54	843	392	—75	—41
Mining tax	7,315	81	3,380	54	—3,935	—27	10,434	149	7,053	95
Bourse tax	....	....	....	....	....	....	....	....	....	....
Stamp receipts	....	....	....	....	....	....	47	9	47	9
Total	404,872	8,656	423,906	9,442	19,032	786	155,208	11,125	268,699	1,683

[a] Tables A, B, C, D indicate the actual conditions for each fiscal year of the judicial dispositions for the recovery of taxes in arrears, leaving out of account the amount brought over from the preceding fiscal year. The amount increases slightly with the years; but if allowance is made for the amount brought over, mainly consisting of the *sake* tax in arrears, the total arrearages since 1902–3 result in a gradual decrease.

[b] Indicated by minus sign.

APPENDIX B

RECENT PROBLEMS RELATING TO INDIRECT TAXES, ESPECIALLY EXCISES

RECENT PROBLEMS RELATING TO INDIRECT TAXES, ESPECIALLY EXCISES

GENERAL REMARKS

As the foregoing investigation shows, the war imposts in Japan consist chiefly of indirect taxes, especially excises. In the present condition, the excises form an integral part of the Japanese tax system. Closer examination of their genesis and development, however, brings to light the fact that most of them were established and have been retained down to the present time for the purpose of war and armament. Such being the case, it is not an exaggeration to assert that the problem whether or not to abolish excises, is not less important than the problem whether or not to abolish war taxes. In the investigation proper, my endeavor was mainly to elucidate the facts concerning the historical and statistical development of war imposts and their effects upon national economy and finance. In this appendix, we shall turn our attention to the contemporary currents of thought and examine the opinions of contemporary statesmen and theorists respecting the aforesaid facts; but because of the limited space allowed for this theme, all I can do is to outline general features, leaving the detailed points out of consideration. As I stated in the investigation proper, the total of the war taxes in this country at the present time amounts to 180,034,154 *yen*, of which 34 per cent is the proceeds of direct taxes and the remaining 66 per cent the proceeds of indirect taxes. As to the effect of war taxation upon the national economy and finance, it is the latter group of levies that played the more important rôle. I also noted the fact, in the preceding research, that while the financial effects of war taxation resulted in the expansion of the national and the restriction of the local finances, its economic effects were the oppression of small-

income-earning classes, such as small peasants and laborers, and the unfair distribution of the national income. It will not be a difficult thing to see that this is a description of actualities which lie in the objective region of facts, without any subjective coloring of prejudice or bias. Now, what I want to depict in the following pages are the attitudes and opinions of the statesmen and scholars in Japan toward these facts; namely, in spite of their recognition of this deplorable state of things, do they intend to leave it alone as a necessary evil, in consideration of the unfavorable economic, financial, and other situation of the country, or do they take the opposite view and assert the necessity of the reform and readjustment of the taxes in question, and, if so, what are their leading principles and what measures do they recommend? To describe these currents of thought more fully will be my task in the ensuing pages.

EXCISE PROBLEM IN THE IMPERIAL DIET

During the half century from the dawn of the Meiji Era down to the present day of Taisho, as I noted in the main part of the investigation, the introduction of new and the increase of old taxes have been repeated six times for the defraying of the expenditures of war and expenses of armament, and all such measures were always attended with the establishment and extension of excises. Of the six cases, however, those we experienced prior to promulgation of the constitutional law of the Empire, in the twenty-third year of Meiji, are too insignificant with respect to their amount to supply the reader with a topic of general interest. Although those cases occurring after the Sino-Japanese War, especially the one at the time of the Boxer Uprising, provoked a hot discussion in the Parliament, still they failed to attract the attention of the public sufficiently to constitute a popular question.[1] It is only in relation to the twice-

[1] In an article entitled "Japanese System of Finance, especially of Taxation," which appeared in the January, 1908, number of the *Japanese Economic News*, Professor Kambe published his opinion concerning the tax-system adjustment, in which he proposed the abolition of the textile excise, contrary to the views here stated. (Kambe, *Financial Essay*, pp. 389–410.)

repeated measure of emergency special taxation that they became the focus of controversies among the intellectuals and grew to be a general theme of public discussion. Numerous were the opinions published by official and unofficial persons at this juncture, containing various projects and criticisms (comparable to those that have been uttered on like occasions in occidental countries) concerning methods of raising means sufficient to defray the war expenditures; namely, which is the more reliable source to be depended upon—the proceeds from public loans or receipts from taxation; and if the latter be preferable, which of the two is to play the more important rôle—direct taxes or indirect ones? Yet, generally speaking, the original proposals of the authorities were enforced under the spellbinding words *kyokoku icchi* (national solidarity) and were accepted by the general public as an inevitable sacrifice in the unprecedented emergency.

In view of the general scheme of this treatise, it seems to me quite natural to begin with the examination of these opinions respecting the excise problem at that time. Unfortunately, however, we have scant sources of reliable information in this connection, partly because of the high-handed suppression of freedom of speech by the authorities in the strained circumstances of war time, partly because of the absence of saner reflection and cooler judgment on the part of the nation, fanatic under the chauvinistic slogan of "national solidarity." Under such conditions, therefore, the sources which I can use for this purpose are limited to the record of the Imperial Diet concerning the progress of the excise problem on the one hand and the opinions expressed in the most influential of non-official papers and journals on the other. From these documents, we know that most of the supporters of the increased tax bill approved it only as supplementary to the revenue from the public loans raised to defray the war cost, and that even some of them went so far as to profess absolute opposition to measures for the increase of taxes (insisting upon adhesion to the public

loan policy). But as to the excises in particular, we have no knowledge of any opinions expressed worthy of our notice, except some articles in the *Oriental Economic Journal*, which declared against the levies in question.[1] It was after the restoration of peace, when the continuation of the Emergency Special Tax Law and the subsequent attempt to increase excises became the subject of severe contention, that the excise problem awakened the interest of the nation at large and became the center of public controversy. So, in the present chapter the development of the excise problem after the Russo-Japanese War will be described in its general features, leaving out of account those prior to the emergency. The twenty-second session of the Imperial Diet, the first session since the restoration of peace, was convoked on December 2, 1905. The nation, anticipating an enormous expansion of the national finance, owing to the post-bellum arrangement, attentively watched the actions of both the government and the Diet, as seriously affecting the fortunes of the Empire. The cabinet at that time, with Marquis Kimimochi Saionji as its premier, was under the influence of the Seiyūkai Party. The government, having decided to adhere to the schemes of the preceding cabinet *en bloc* with respect to the framing of the budget, submitted to the Legislature a project rendering war taxes permanent under the name of the Bill Relating to the Continuation of Emergency Special Taxes, together with proposals for establishing a sinking fund and issuing new loans. Despite the fact that the emergency taxes had been introduced in order to meet the war expenses at the time of the Russo-Japanese hostilities, and should have been abolished on the last day of the year following the restoration of peace, the authorities, who were compelled to seek resources of a permanent nature for

[1] Dr. Horie, in the chapters on taxation in his work *Science of Finance* (4th ed.), and Dr. Utsunomiya, in the first volume of his work *Science of Finance*, have noted their views upon the problem. Dr. Tajiri proposed the abolition of the salt monopoly in his *Economic Essays* (pp. 54–5), while Dr. Kudo explained the levying procedure of the existing excises in his instructive report at the tenth convention of the Society for Social Policy (November, 1915), under the title "Method of Assessment of Various Excises," (Ninth volume of the publications of the Society).

defraying the increased "compulsory" expenses, such as the redemption and payment of interest on public loans, pensions, and annuities, endeavored to render the imposts in question permanent and to cover the expanded expenditures by the thereby increased revenue, amounting to 160,000,000 *yen*.

First, in order to get a glimpse of the general trend of public opinion, let us examine the attitude taken by the influential newspapers toward the question. The *Tokyo Asahi* advised postponing the presentation of the bill until the next session in order to permit an adequate investigation, for the reason that "such a hasty decision is unkind to the nation, even if the continuation of the war taxes be unavoidable," while the *Nihon* argued that "the thoughtless demand for the entire abolition of the war taxes is improvident at this juncture, when the exigency of the National Treasury calls for remedy from this direction." The *Mainichi* declared its attitude toward the proposal as follows: "It was in anticipation of being able to command some other resources, in consequence of the victorious conclusion of the hostilities, that the government fixed the term of validity to the Emergency Special Tax Law. However, when the authorities failed to attain the desired object, they threw the burden of the war expenses on the shoulders of the nation. The government should apologize to the nation for this course of things. So, we recommend to the authorities to negotiate with the people concerning the measure to be adopted in the spirit of sincerity and thus endeavor to realize their demand of increased taxation." Hence, we see that the opinions of the journalistic world were quite varied.

In the committee of the House of Representatives we find distinct groups of opinions in respect to the project in question; the first disapproved the bill as a whole, the second demanded the repeal of the law on March 31, 1907, viz., the extension of the term of validity of the Emergency Special Tax Law for one additional year, while the third supported the government's proposal without any alteration. In

connection with the presentation of the bill, the government announced at a meeting of the committee that it intended to appoint a commission on tax-law inquiry and to carry out in two years the adjustment extending the entire scope of the tax law; and when a division was taken, the original bill passed the commission by a majority. At the regular sitting of February 8, a vote on the Sinking Fund Bill was followed by debate on the project under notice. The opposition declared against the bill for the following three reasons: (1) to force the government to act upon its promise, (2) to induce the government to announce its sincerity to the nation, and (3) because of the absence of consistency in the Premier's administrative policy; whereas the government party supported the proposal, contending that, as the authorities proposed to reform the tax law in two years, appointing a commission on tax law inquiry, for this short period the public had strength enough to bear the burden resulting from the continuation of the war taxes. After the termination of heated controversies the original bill was passed.

On February 13 the same bill was sent to the House of Peers. In the committee an amendment was moved that the law should be repealed on March 31, 1908, but this was defeated and the original bill was passed by a majority. At the regular sitting of March 23, some members opposed the bill on the ground that the continuation of the emergency special taxation was a violation of the promise on the part of the government. Others moved an amendment to continue the law until March 31, 1908, and still another member supported the bill by alluding to the fact that "the continuation is inevitable under the present situation of the national finance." Upon division, the government's scheme was finally approved by a great majority.

In the manner above noted, emergency special taxes were made permanent; yet no small number of members of the House of Representatives, desiring the abolition of the salt monopoly, presented a bill at the twenty-third session of the Diet, summoned on December 25, 1906, abolishing the salt

monopoly. The bill, however, was rejected, and the only thing accomplished was the approval of a representation to the same end by a great majority.

Discontented with the continuation of the emergency special taxes, the government submitted to the Diet, at its twenty-fourth session, commencing on December 27, a bill for increased taxation, together with a project of tax-law adjustment. The same bill aimed at the extension of excises, with an expected increase of revenue, coming up to 15,000,000 *yen* after the fiscal year 1909–10, from the extension of the tax on *sake* and the sugar excise, the introduction of the petroleum excise, and the advancement of tobacco prices. The opinions of the members of the committee regarding the bill were at variance. Mr. Matsuda, the Minister of Finance, explained the bill as follows:

"Despite the fact that of the expenses necessary to carry out at this time what had been planned in the fiscal year 1907–8 the greater part could be covered only by raising public loans, the issue of loans was next to impossible under the present unfavorable economic conditions, foreign and domestic. Again, the government's endeavor to meet the exigency by postponing some part of its undertakings and by retrenching expenditures was in vain. Thus, there was no way open but to have recourse to the scheme of increased taxes. Further, granting the inevitableness of increasing taxes, what reason was there for raising that additional revenue exclusively from taxes on consumption? The government committee explained that the reason the government attempted to get the increased revenue exclusively by extending excises was that the share of the public burden apportioned to direct taxes was disproportionately heavy, owing to the increased assessment during war time, amounting to 160,000,000 *yen*. While in the fiscal year 1903–4 the percentages of direct and indirect taxes had been 35.8 and 64.2, respectively, after the levying of the war taxes they changed to 40.4 and 59.6, thus necessitating the extension of excises in order to restore the equilibrium. After the closure, all

the bills were passed with a slight amendment in regard to the tax on *sake*. At the regular sitting of the lower House, though not without a considerable number of opponents, the bill as amended by the committee was approved. In the House of Peers also, both in the committee and in the regular sitting, the bill was passed by a great majority. In the sitting, 148 voted for and 45 voted against the bill. Now, let us review the main points of the discussions at the session of the House of Peers. The principal reasons for the opposition there were the following: (1) The government had not taken into consideration the surplus of 1908–9, amounting to 33,000,000 *yen*, and, moreover, the consideration of the bill had better be postponed until the Peers were informed of the outcome of the deliberations still going on in the Lower House concerning the tax-law adjustment, which might bring about more or less surplus in the revenue; (2) if the government could manage to postpone or curtail some part of expenditures for armament, which had expanded stupendously since the Sino-Japanese and Russo-Japanese wars, it would be able to dispense with the extension of excises and relieve the lower classes from the oppression thereof; (3) at this moment the burden borne by the nation had reached its extreme point and there was no possibility of adding to it. On the other hand, the supporters justified the project for a twofold reason. (1) To make solid the foundation of our finance, it was necessary to frame a sound scheme extending over several years, and to frame a sound financial scheme we could not rely upon an accidental surplus but must look for some other permanent resources; (2) however desirable the recuperation of the economic powers of the nation, it was inadmissible, in view of the international relations of the Empire, to cut down or greatly postpone the expenses of armament."

In this way the bill for increased taxes was approved; but what was the fate of the Bill for Tax-Law Adjustment, which was submitted to the Diet with the above-mentioned bill? The bill was a project of law which provided for adjustment

of the land tax and of twenty-seven other taxes. But here I will introduce the bill so far only as it concerns indirect taxes: (a) As to the textile excise, hitherto woolen fabrics and other fabrics had been treated differently with regard to the method of assessment and the tax rate, but the bill was intended to abolish this discrimination and adopt the method of taxing transactions at the rate of 10 per cent ad valorem; (b) as to the travelers' tax, the bill maintained the existing law as it stood, with one exception, that is, exemption of fares less than 1 *sen*; (c) as to the salt monopoly, the bill aimed at gradual cheapening and equalization of retail prices throughout the whole country, and for this purpose the government was directed to resort to divers measures, such as appointment of wholesale and retail dealers, sending the commodity to the wholesale dealers at the government's expense, thus enabling them to supply salt at fixed prices, adjustment of the salt fields which required higher cost of production, and importation of salt from Formosa or other places where the article was produced at smaller cost; and, further, in order to realize an abundant and cheap supply of salt, the government was to establish its own shops, bear the cost of sale and transportation, reduce the minimum selling unit, facilitate joint purchases by purchasing societies, and endeavor to reduce the money to be paid as compensation to manufacturers. Thus, the authorities attempted, generally speaking, to maintain the existing system of indirect taxes as in case of direct taxes. Compared with the estimates of the fiscal year 1907–8, the shrinkage of revenue incidental to the reform was estimated at 2,137,945 *yen*. But in regard to indirect taxes, reduction of the textile excise by only 1,189,578 *yen* was to be effected, while increases of the traveling taxes and of the tax on *sake* by 39,539 and 227,786 *yen*, respectively, were expected. The bill under consideration was rejected *en bloc* at the final meeting of the committee after several deliberations. The reasons for the rejection were different as between the government and opposition parties; whereas the former con-

tended that, as the bill required a closer investigation, a year's delay should be granted to the government for composing a more perfect and accurate project, the latter argued to the effect that the bill embodied materially the proposals of increased taxes and did not touch fundamental reforms of the tax law in the least. The same bill, which had been presented to the regular sitting on March 9, unfortunately fell through, owing partly to the withdrawal by the government and partly to the disapproval of the Assembly.

Although the emergency special taxes had been continued and the bill for increased taxes had been carried, not a few members of the opposition cherished animosity toward it, which feeling became embodied, during the twenty-fourth session of the Diet, in the bill repealing the salt monopoly, the textile excise, and the traveling tax, popularly known as the "Bill for the Repeal of the Three Bad Taxes," by Mr. Saburo Shimada, and seconded by other members. The bill was justified on the grounds that the salt monopoly not only did not yield much profit but entailed a heavy burden on the nation and oppressed the livelihood of the lower classes in particular, that the textile excise hampered the development of industries and impeded the growth of foreign trade, to say nothing of its embarrassing mode of collection, and that the traveling tax, levying upon the use of civilized means of communication, hindered the development of traffic, and especially caused no small discomfort to the lower population.

The project of repealing the salt monopoly, among others, about which a representation had been passed by a great majority in the last session, was defeated, though not a few members of the government party voted for it, together with the proposals concerning the textile excise and the traveling tax, both in the committee and in the regular sitting. In the committee there were none who opposed the bill by denying the notorious nature of the three taxes. Diverse as were the opinions against the project, they agreed on the one point that it was imprudent to insist on the abolition at the

present, when the bill for increased taxes had been passed and the government had no resources at its disposal to replenish the deficiency; whereas the main purport of the supporters' opinions was that the fiscal deficit due to the repeal of the three taxes might be met by retrenchment in the budget. On a division the number of ayes and noes were even, and the project of abolishing the traveling tax suffered a similar fate, the vote on the bill being 11 for and 15 against. In the regular sitting, Mr. Saburo Shimada, presenter of the bill, and others energetically argued for it, referring to the fact that the three taxes were unfair in distributing public burdens and injured the growth of national production. After the conclusion of debates a vote was taken, and the bill was defeated by 200 noes out of 322 votes.

Not being disheartened in the least, Mr. Saburo Shimada again presented the same bill, at the commencement of the twenty-fifth session of the Diet, viz., a bill repealing three taxes, that is, the salt monopoly, the traveling tax, and the textile excise. The project proposed to repeal the three taxes at the end of 1910. Mr. Shimada stated the reasons for the presentation, and said:

> The obnoxious nature of the three taxes was universally admitted, with the sole exception, perhaps, of the authorities; nay, even the authorities did not deny that they were bad imposts, yet they opposed the proposal on the ground of the shortage of resources; thus, the problem was essentially a problem of resources; but going a step further, the problem was a problem of confidence in the present government rather than the problem of resources, for if the government had listened to the unanimous cry of the nation against the notorious taxes, and endeavored to search for the proper resources, the problem of resources would never have taken place.

In response to this, Prime Minister Taro Katsura opposed the bill by stating that under the existing circumstances of national finance the government could not, with all its efforts, find any source of taxation large enough to offset the reduced revenue of 35,000,000 *yen*, which would result from the repeal of the three taxes. After a criticism which Mr. Shimada made, to the effect that according to the anticipation of the

Minister of Finance of the preceding cabinet the increased revenue from the tax on *sake* and the petroleum excise would amount to 11,400,000 *yen* in 1910 and 20,000,000 *yen* in 1913, and the profits of the tobacco monopoly to 7,760,000 *yen* in 1910 and 9,800,000 *yen* in 1913, which figures, added together, would be more than enough to supplement the deficiency due to the abolition of the three taxes, the discussion was continued between him and the Premier; but, upon a division, the bill was again rejected.

Together with the bill relating to the repeal of the three taxes, the question of customs duty on grains became a center of discussion during this session of the Diet. The Seiyūkai and Daidō Club presented a reform bill relating to the customs tariff law and import tariffs, proposing to double or more than double the existing rates of customs duty on grains, by means of which they intended to protect the interests of land owners through the artificial advance in prices of rice and other cereals. They also presented a separate bill imposing different tax rates on cleaned and uncleaned rice. Though accepted by the committee, of which the Seiyūkai and Daidō Club formed a majority, at the regular sitting the debates on the bills led to the utter confusion of the Assembly, and a division did not take place.

The Tax-Law Adjustment Bill, which had been submitted to and rejected by the twenty-third session of the Diet, was again presented, after reinvestigation to the Legislature during its twenty-sixth session. The outlines of the adjustment bill, as far as it is concerned with excise problems, are as follows: (1) as to the traveling tax, passengers who traveled within cities, or places deemed as such, were to be exempted; (2) as to the tax on refined *sake*, three months' delay was to be allowed for the payment if adequate securities were given, and the tax should be remitted if the *sake* was used for industrial purposes during the period; (3) as to the sugar excise, the existing graduation of four classes should be changed into one of six, and tax rates were to be reduced; (4) as to the textile excise, the rate of 15 per cent

imposed on woolen fabrics was to be reduced to 10 per cent, as in the case of other textile fabrics; (5) as to the salt monopoly, (a) the profit rate was to be lowered in regard to the salt with specially reduced prices, (b) the payment for the transport expenses of purchased salt to be reduced, and, finally, (c) adjustment of salt fields to be carried out, the deficiency occasioned thereby to be supplemented by importing the salt with lower cost of production from Formosa and Kwantung Province, and increased profits due to this process and reduced expenses due to the adjustment of salt fields to be disposed for the purpose of lowering the selling prices of salt. The reduction of revenue (putting both direct and indirect taxes together, but setting aside the salt monopoly) was estimated at 10,111,000 *yen*, of which the reductions of the indirect taxes were 1,007,000 *yen* in the case of the traveling tax, 2,034,000 *yen* in that of the sugar excise, and 1,041,000 *yen* in that of the textile excise. Furthermore, the profits of the salt monopoly were to be reduced (1) by 10,000 *yen* in consequence of the lowered prices of the salt with specially reduced prices (fiscal year 1910–11); (2) by 174,000 *yen* in consequence of the diminished revenue resulting from the reduced assessment for transport expenses of purchased salt (fiscal year 1910–11); (3) by 312,000 *yen* (fiscal year 1911–12) and by 634,000 *yen* (fiscal year 1912–13) in consequence of the reduced price due to the adjustment of salt fields. Summing up all the items above mentioned, the remissions of indirect taxes came to 6,668,000 *yen*. After the closure, the project of repealing the transit duty on city traffic, having the Seiyūkai as its opponents, was disapproved on the ground that, although the law provided for determining by ordinance what should be regarded as the vicinity of a city, it would be impossible to determine this precisely, and that the revision would exert no small influence upon the resources of the national coffers. The Revised Sugar Excise Bill was passed with no objection. As to the rate of the textile excise, the revised bill was accepted, but the clause, stipulating that textile dealers who made false

answer to the questions put by revenue officials should be fined was blotted out from the original bill as sounding too drastic. The Salt Monopoly Adjustment Bill was accepted with slight amendment by the House of Representatives and the amendment passed the House of Peers. This is the first session of the Diet in which the remission of excises obtained approval, the total sum of which amounted to 3,661,000 *yen*, the diminution of receipts from the sugar excise and the textile excise being 3,075,000 *yen* and that of profits from the salt monopoly 585,000 *yen*.

However, this adjustment can by no means be called fundamental, and the opposition party did not cease to claim radical remissions of taxes. In the debate on the budget in the twenty-seventh session of the Diet, Mr. Tokitoshi Taketomi brought forward a motion to send back the budget to the government, and explained the reasons for it, in the course of which he touched the tax-law problem, and said;

> We can not help being surprised at the arrogant pretension of the government that the emergency taxes have been for the most part adjusted. When and how has the government adjusted the emergency special taxation? What has been done in regard to the income tax or the business tax, the unfair distribution of the burden of which taxes the government expressly recognized and declared that the remission of them was an urgent necessity? How about the textile excise and the salt monopoly? The adjustment, which the government is so proud of, is nothing but the reduction of the tax rates of the land tax by 8 per cent and the continuation of emergency special taxes as permanent ones. I can not see the reason why the same government which recognized the necessity of tax-law reform last year should now remain indifferent toward it. The traveling tax is still obnoxious, and as to the textile excise and the salt monopoly, groanings are heard from all directions, of which the government must have full knowledge.

After the conclusion of the discussions, the motion was lost upon a vote, and the problem has made no further progress, except for the government's promise in the twenty-eighth session concerning the salt monopoly, among other indirect taxes, that it would endeavor to make adequate investigation with the object of mitigating it.

Being an extraordinary session, convened for the vote of expenses of the Imperial funeral incidental to the demise of Emperor Meiji, the twenty-ninth session of the Diet expired without touching the problem in the least. In the thirtieth session of the Diet, under the regime of Yamamoto's Cabinet, in spite of the promise that the government would endeavor to carry out a reduction of taxes upon the basis of the investigation prepared by the preceding Saionji Cabinet, what the government achieved in this connection was but an announcement that from and after the year 1913 the profits of the salt monopoly should be reduced by 2,150,000 *yen*.

In the thirty-first session, upon explaining the financial scheme for the fiscal year 1914–15, Yamamoto's Cabinet announced nothing positive in regard to the tax-system adjustment, but only that such measures as were deemed necessary in consequence of the results of the investigation should be submitted to the Diet. The realization of this announcement, however, seems to have been restricted to the reduction of direct taxes, such as the business tax, the succession duty, the tax on bourses, and others, and never extended to indirect taxes. Thereupon, the Kokuminto party brought forth a bill demanding the abolition of the business tax, the textile excise, the traveling tax, the petroleum excise, as well as the salt monopoly, but was unfortunately unsuccessful. The Seiyūkai party also presented a bill reducing the business tax and the land tax, together with bills reducing the traveling tax and textile excises. According to these proposals, the traveling tax was to be reduced in proportion to the reduction in fares for students, soldiers, and laborers, leaving taxes under 1 *sen* uncollected, and consequently students, soldiers, and laborers journeying less than fifty miles for the reduced fares would be exempted from the tax (410,000 *yen*); 1 per cent of the traveling tax collected was to be handed to the operators of railways, steamers, and tramways as commission fees for collecting the tax (40,000 *yen*); as to the textile excise, 1 per cent of the tax collected was to be given to the gilds of textile dealers

as commission fees (190,000 *yen*), and the standard of taxation was to be rearranged and taxable values reduced (2,300,000 *yen*). But in the House of Peers both bills were rejected.

Corresponding to the presentation, by the political parties, of bills reducing or abolishing taxes, a movement for the same end was started among the people to reinforce them. As the government, notwithstanding the unprecedented surplus of this year, amounting to 132,000,000 *yen*, laid undue store by the completion of naval armament, and dealt quite indifferently with the mitigation of the national burden, the whole country was filled with overwhelming complaint, which burst out in reduced-tax demonstrations of various descriptions. The movement culminated in a lecture meeting at the Theatre Meiji on January 25. This movement, being started by the Tokyo Chamber of Commerce with the support of a business men's union and a journalists' association, attracted public attention for a time by challenging the authorities with the resolution that they would boycott all the banks and companies connected with the members of the Seiyūkai party; nevertheless, the movement was substantially directed to the repeal of the business tax and had little connection with the excise problem.

The thirty-second, thirty-third, and thirty-fourth sessions of the Diet were all extraordinary ones. The thirty-second session, summoned for the vote of the funeral expenses incidental to the demise of the Imperial Dowager, did not touch the question under consideration. In the thirty-third session of the Diet, convoked for the deliberation of an urgent measure for constructing three battleships, which had been approved by the thirtieth session, but had not yet been put into practice owing to the failure of the budget in the thirty-first session, the only project laid before the Legislature was a supplementary budget for the purpose above noted. During the session, a certain member moved a question of general character concerning the tax system: (1) which taxes did the government intend to repeal if the circumstances allowed it? (2) did the government intend to reduce the land

tax, and if so to what extent? to which the government replied with a note that as the matter was under consideration it could not give a definite answer. So, this session accomplished nothing in connection with the excise problem. Lastly, the thirty-fourth session was extraordinarily summoned for the vote of war expenses incidental to the outbreak of Germano-Japanese hostilities, and the business performed was nothing but the approval of the war budget.

Although Okuma's Ministry paid so much attention to the solution of the question of national defense and to the realization of means of remitting taxes that it counted them among the important items of its political program, the urgent need of war expenses due to the outbreak of the European War, and subsequent participation of the Empire in it, compelled the government to abandon these measures for the moment. Upon the commencement of the thirty-fifth session as an ordinary session, the subjects of political controversies between the opposition and the Ministry were national defense, diplomatic problems in relation to the Germano-Japanese War, as well as the financial schemes connected with the above affairs; and no event worthy of our notice occurred with regard to the problem in hand, excepting a few questions moved by some members concerning the repeal of the business tax in the Committee on the Budget. As affecting the problem immediately, a bill revising part of the *Sake* Tax Law, a bill revising part of the Textile Excise Law, and a bill revising part of the Sugar Excise Law were presented but were rejected.

In the thirty-sixth session of the Imperial Legislature, an extraordinary session, the establishment of two military divisions in Chōsen, the reduction of the amount to be devoted to the redemption of national debt, and the transfer therefrom to the special account of Imperial Railways, which supplied the motives for the dissolution of the last session and were the principal objects for the summoning of this extraordinary session, absorbed all the attention of the government and the people, and naturally the problem

of the taxation system was almost set aside. Upon the debate on the budget, questions and answers were exchanged once or twice between the opposition and the government concerning the reduction of the land tax and the total abolition of the business tax; but with regard to indirect taxation the only event was the presentation of the revised salt monopoly bill, which, however, fell through prior to the vote. Besides this bill, a representation was brought in stating the need of establishing an institution for inquiry into tax-system adjustment, and several questions were forwarded concerning the remissions of public burden and realization of the reduced tax policy. Further, Dr. Kobayashi moved a question concerning the prospect of the raising-no-loan measure of the government, during which he stated: "The reverse side of the financial scheme founded on the raising-no-loan principle is, generally speaking, recognition of an increased tax policy, for the resources of financial schemes of the state are substantially either public loan or taxation. However, in this country the tax system is so confused and unreasonable that we could hardly expect any benefit from a makeshift measure of partial reduction of tax rates, if a radical adjustment were not carried out"; and he emphasized the pressing necessity of tax-system adjustment and the impossibility of extension of taxes. But these opinions have no immediate relation with the problem under consideration.

In the latest session (thirty-seventh) of the Diet, a project of law revising part of the *Sake* Tax Law, which designed to enlarge the scope of some part of the category of alcoholic liquors and which had been laid before the thirty-fifth session, was again presented; but it is of small significance. The representation about the establishment of an institution for investigating the tax system was again brought in. Discussions about remissions of taxation took place between the Minister of Finance and Messrs. Kobayashi and Nagashima; but they never touched the excise problem directly.[1]

[1] Cf. *History of National Accounts; Extract from the Proceedings of the House of Representatives; History of Imperial Diet*, supplement of "the New Law."

According to what I have described hitherto, the problem whether to retain or repeal, to reduce or extend, indirect taxes, especially excises, as war imposts, became a focus of parliamentary controversies during a decade, viz., from the twenty-second session (1905–6) to the thirtieth session (1912–13) of the Imperial Diet. In all controversies, however, the government party always defeated the opposition; namely, in the twenty-third session the special taxes were continued as the government proposed, and in the twenty-fourth session the tax on *sake* and the sugar excise were extended, and the prices of monopoly tobacco raised. Though we met with the reduction of the sugar and textile excises, as well as the revision of the salt monopoly, not only were they all government projects, but the sum reduced was ridiculously small, amounting to only 15 per cent of the sum previously increased.

Turning to the direct taxes, we have experienced the reduction, if not enormous, of the land tax, the business tax, the succession duty, and others, but no cases of their increase. From the thirty-first session (1913) down to the present time, the problem of the taxation system has never attained to a significant place among parliamentary affairs, and even when the tax system was considered at all, the taxes dealt with have always been limited to direct taxes, indirect taxes having been left out of account.[1]

EXCISE PROBLEM AS SEEN IN THE REPORT OF THE COMMISSION ON TAX-LAW INQUIRY

The impression we can get from the survey of the history of the excise problem in the House of Representatives during the twelve years since the Russo-Japanese War is that, whereas the government has always insisted on the inevitableness of the introduction and extension of excises on the ground of the shortage of revenue, the opposition parties have all the time demanded their repeal and reduction,

[1] See notes, *ante*, pp. 206, 208. Cf. *National Finance and Economy of the Sino-Japanese War*, and Kobayashi, *The Past and Present of the National Finance*, and the articles of Messrs. Amano and Uetake, "Comment on the Increased Tax Bill," published in the *Tokyo Economic Journal* in 1904–5.

chiefly on the ground of the unfair distribution of the burden; and that, in spite of tumultuous discussions, very little has been added either to the development of theories or to the investigation of facts. Be that as it may, we can apprehend the fundamental notions concerning this subject on the part of the government through two official documents, the one being the "Report of the Commission on Tax-Law Inquiry," which Commission, consisting of high officials of the Department of Finance, was appointed as part of the post-bellum measures of financial adjustment, and the other being "Extract from Proceedings of the Committee on the Inquiry into the Bill of Tax-Law Adjustment," which committee was appointed for the contemplation of projects of tax-law adjustment presented by the aforesaid commission, having as its members higher officials of several departments, members of the two houses of the Imperial Diet, scholars both in and out of office, and eminent business men. Apart from these, we have no knowledge of any investigation concerning the tax system subsequent to the memorable struggle, and notwithstanding the alteration of ministries from time to time the attitude of the successive Cabinets has been for the most part to adhere to the point of view founded on the results of the investigation in question, overlooking insignificant diversions.

In the instruction of the Minister of Finance, issued on the occasion, the following five items are pointed out as the objects of the investigation: (1) equalization of the burden of taxation in case of unfair apportionment; (2) abolition of taxes or reduction of their rates where their imposition or high rates stand in the way of industrial development; (3) reduction of the rates of such taxes as have suffered decrease of proceeds on account of enhanced tax rates; (4) simplification in the method of assessment and collection where it is complicated; (5) selection of new sources of taxation in order to fill the deficit of the revenue which might be caused if the foregoing reform were carried into effect. In obedience to the ministerial instruction with regard to the scope

and order of investigation and other matters, the committee started the investigation, which extended to both financial and economic fields concerning different imposts, taking foreign institutions and actual situations at home into consideration. As to the selection of the sources of taxation, and other adjustment and reform of the tax system in general, revenue officers were consulted, while with regard to the effects of the emergency special taxation, vicissitudes of industries in general before and after the war, changes in the livelihood of the nation, and strength of tax-paying ability, the returns from local governors, revenue superintendents, and chambers of commerce were chiefly depended upon, and, finally, in respect to the propriety and reasonableness of each item of the proposed adjustment, chambers of commerce, clearing houses, trade associations of the textile manufacturers, and other associations of business men were consulted, whose answers were taken into account.

The investigation resulted in three projects of adjustment. The first project proposed reform only in such taxes as require revision on account of the unfair distribution of their burden, their complexity, and the inconvenience of their collection, and other reasons, leaving the existing tax law, in the main, as it is; the second one proposed to repeal such taxes as were the subject of popular discussion, so far as the consequent deficit may be supplemented by the introduction of new taxes which are deemed comparatively good; the last one planned a fundamental reform of the existing system of taxation, with simultaneous abolition of all the unfavorable taxes. Of these three plans, the commission preferred the first, as most befitting the present situation, and decided to compose the original tax-law bill on the basis of it; in other words, the commission attempted to effect the improvement in only those levies the burden of which is not apportioned fairly or of which the collecting process is too complicated. This is the leading principle under which the Commission on the Inquiry into the Tax Law worked out its own plan of tax-law readjustment. Keeping these things in mind,

therefore, it will not be so difficult to imagine the general features of the positive proposals of the commission toward war imposts, especially excises, the purport of which is to recognize the retention of excises of all the emergency special taxes that have been continued since the war time, as an unavoidable necessity, and to carry out the adjustment only in those with unduly heavy incidence and much complicated method of collection.

Let us, now, examine the detailed points of the report as far as they concern our present examination. According to the report as to the tax on *sake*, to begin with, there is no hope of raising its rate in the face of the fact that further advancement of the rate might cause shrinkage in the volume of consumption; secondly, as to the tax on soy and the sugar excise, it is advisable to maintain them in status quo; and, lastly, as to the textile excise and the salt monopoly, the most disputed of all the excises, their retention as they stand is maintained in consideration of the fiscal necessity, the only reform being the adoption of an ad valorem system in the textile excise. So, even though we find in the reform project a reduction of estimated revenue of nearly 2,000,000 *yen* compared with the estimated amount of the same for the fiscal year 1907–8, yet this sum of 2,000,000 *yen* is to be ascribed not so much to the revision of indirect taxes, excises among others, as to the adjustment of the direct ones. If we may assume that the point of view of this commission has been sustained by the successive Cabinets, it will not be amiss to conclude that the authorities have recognized the necessity of neither repeal nor revision nor readjustment in the existing excises, holding the present situation of economic and financial affairs in mind.[1]

As there were a few among the authorities who insisted upon the abolition or revision of excises, so also were heard incessantly arguments to the same end, though stronger, from the mouths of theorists, statesmen, and practitioners.

[1] Cf. *Report of the Commission of Inquiry into the Tax Laws*, and *Extract from Proceedings of the Committee on the Inquiry into the Bill of Tax-Law Adjustment.*

But I hesitate to quote assertions of the business men concerned and political parties as representing unbiased opinion, for they are likely to be tinted by egoistic motives. In the following pages, therefore, attention will be directed to the survey of the excise problem in academic circles.

EXCISE PROBLEM IN ACADEMIC CIRCLES

In the present stage of the progress of social sciences in Japan, where neither consistent assertion of scientific conviction nor distinct systematization of economic truths is discernible, and where consequently no scientific school in this line has yet developed, it is very difficult, even next to impossible, to make precise discrimination and exact classification of the different opinions on the current questions.

In the following description, therefore, all that I can do is to arrange, for only the purpose in hand, the opinions of theorists, as far as they affect the excise problem, in accordance with my own private judgment.

I will begin with the argument of a general nature concerning the increase of excises. Mr. Noritake, editor-in-chief of the *Tokyo Economic Journal*, published his opinion in that journal under the title of "Danger of Undue Increase of Excises," in which he argued, as follows:

> A tax on commodities would be a good source of revenue if the taxable objects were carefully selected and assessment were moderate, and there is no civilized country in modern times which has not recourse to it. So, I am not an absolute opponent of the imposts under discussion, and yet I am convinced of the fact that there is a certain limit assignable to excises beyond which no more increase of revenue can be expected from the imposition. Nevertheless, the government, overlooking this obvious truth, has been ready all the time to extend excises whenever the situation called for the increase of revenue. And at this juncture, when the fiscal exigency has given rise to an attempt on the part of the authorities to increase taxes, the government has paid special attention to excises, among others, and intends, it seems, to increase the profit of the tobacco monopoly and extend the sugar excise and the tax on *sake*. Even in the present condition, it is a rare exception when the necessaries of life and luxuries are not subjected to heavy taxation. Nor is it deniable that the distribution of burden is not equitable, which

presses the poor unduly and charges the rich much too lightly. The incessant extension of the excises at this moment, therefore, will necessarily lead to the shifting of unbearable pain upon the middle and lower strata of society, upon laboring classes in particular. The vexatious pressure felt on the part of the contributors will not be the only result of such excises, but they are doomed to enervate the activity of the economic society. When the economic vitality of the country tends to decline, the proceeds from the excises will not only not increase but will necessarily shrink, even if the government should raise the price or lower the quality of the monopoly goods or make the rate of excises heavier. And the government, which is blind to this indisputable truth and resorts to the lopsided policy of increased excises, is open all the time to the charge of abusing the financial sources, and if the government is obstinate enough to cling to such a measure, surely some day will dawn when it will be surprised at the unexpected result of its former decision.

It may be supposed that the government endeavors to follow the line of least resistance by depending chiefly upon the increased receipts from the excises. Again it is true that the excises which producers or sellers pay as they dispose of their goods are much more convenient for the contributors to pay than the direct taxes, which are directly collected by tax officers. But very few of the bearers of this public charge will long remain ignorant of the obnoxious effect of such imposition, i.e. the rise in the prices of commodities. High prices of commodities can not help but accelerate the tendency of the rich to grow richer and of the poor to grow poorer, and consequently widen the gulf between the wealthy and the destitute. Thus, the quarter whence the government expected the least resistance may one day turn out to be the place of the most violent resistance, and if this course of things happened to bring about the prevalence of dangerous social theories none but the government itself would be responsible for supplying them with adequate impetus.[1]

Likewise, the *Oriental Economic Journal*, in the article entitled "Pressure of Taxation and Abnormal Change in Prices," declared against the extension of the excise. The purport of the argument is as follows: "In the present situation of our taxation system, the total sum of the ordinary revenue from taxes amounts to 470,000,000 *yen*, of which only 140,000,000 *yen* is the yield of direct taxes, while the remaining 330,000,000 *yen* is from indirect ones, and the charges of the latter group of taxes are levies for the most part upon rice, meat, salt, *sake* fabrics, and sugar. The necessary result is, needless to say, the abrupt rise in the prices of taxed

[1] Shukudō's (Noritake's pen name) posthumous work on *Public Finance*, pp. 763–64.

commodities, and thus an abnormal elevation of price level in recent years has been brought about." Further, contrasting the index numbers of prices of fifty-three staple goods, before and after the war, prepared by the same journal, the writer points out the vexatious influence of the imposts, and reasons thus:

> Recent high prices may be attributed partly to the lower value of gold throughout the world, partly to the inflation of currency after the war, and hence they are universal phenomena, regardless of the kinds of goods; yet the difference in the rising tendency among individual wares can not but be ascribed solely to the effect of taxation. If we watch the movement of prices more carefully, we will find that primarily the price of the articles levied upon has been raised directly on account of the shifting of the imposts and indirectly because of the increased cost of production, showing multifarious variations of individual prices, according to the greater or lesser competition from imported articles. Such an abnormal change in prices will exert upon the national industries nothing but an injurious effect.
>
> In the case of industries the products of which have become extraordinarily dear, the exorbitant price, being the result of heavy taxation, by no means benefits the producers, but only impairs the interest of the consumers; and in the case of industries the products of which have not shown such greatly increased prices or rather which have shown a diminished price, the profits will be cut on account of the higher prices of other articles, sometimes the loss being so fatal as to threaten the enterprises with utter destruction. In this way, the development of domestic industry will be hampered, a grievous load of taxation will be piled upon the shoulders of inland consumers, especially of the poor, and the lucrative market will be prepared for the triumphant intrusion of foreign goods. These propositions are not the product of mere surmise but can be convincingly evidenced in the numerical study of the price movement in this country. Man can not help shuddering at the vexatious result of this abnormal progress in prices, which, appearing with regard to foodstuffs, oppresses the life of the poor, most pitiful of all social classes; and, further, occurring with regard to raw materials, impairs the interest of inland agriculture, and, lastly, taking place with regard to manufactured products, strikes at the root of our commerical and industrial enterprises, the backbone of the economic life of the nation.[1]

These are the attitudes taken by two of the most influential of the weekly economic journals toward the excises problem. Such arguments have been advanced, generally speak-

[1] *Oriental Economic Journal*, No. 73, p. 68.

ing, by the followers of economic liberalism, and the representatives of this tendency are especially numerous among the theorists of unofficial type.

Now, going a step further, of all indirect taxes which have been retained since the war and extended, of which of them, by what means, and in what degree should the adjustment be carried out? As to this problem, the theories and contentions are by no means unanimous. At the beginning, I will introduce the proposal of Dr. Kobayashi on this subject. He published a book in 1912 under the title of *Financial Adjustment*, in which he explained his views respecting the fiscal reform of the country.

> The principle of taxation [he commences his argument concerning the problem under notice], is to be determined in relation to the economic ability of individuals to contribute, independent of the demand of public expenditure. According to this principle, that is a good tax which is in harmony with this tax-paying ability of individuals and a bad one which is out of harmony with it. This is the one infallible axiom of tax-system adjustment in its true sense.

After explaining his standpoint in this way, he emphasizes, in the chapter on "Extent of Readjustment in the System of Taxation," the imperious need of the mitigation of indirect taxes above all, by comparing the growth of the economic power of the nation and the increase of taxes since the year 1883, which, being one year prior to the outbreak of the Sino-Japanese War, he made the basic year for comparison, and by studying carefully the coordination of different kinds of taxes and the minute details of each tax. Later on, when he considers, in the chapter entitled "Indirect Taxes to be Reduced," which of the existent indirect taxes should be repealed and which of them reduced, he elucidates his standpoint once more, and says:

> Extremely simple is the financial principle of indirect taxation, which means nothing but to adapt the taxation to the tax-paying ability by levying on the necessaries of life as lightly as possible. The unintentional coincidence of this assertion with the requirements of social politics has induced the followers of the latter doctrine to acknowledge the above financial principle. For my part, indeed, I never intend to support my theory on socio-political

grounds, yet, observing the indisputable fact that the enormous increase of indirect taxes, especially of excises upon necessaries such as rice, salt, petroleum, and sugar, exerts disastrous pressure upon the lower stratum of society with feeble tax-paying ability, I can not help crying, from the standpoint of purely fiscal principles of equitable burden, for the abolition and reduction of the imposts in question.

Though his project of taxation adjustment, as shown in the foregoing description, is founded on the basis of the so-called financial taxation policy, and not imbued with the so-called socio-political taxation policy, he seems to be convinced of the natural coincidence of the financial taxation policy with the requirements of the social policy. Standing on this basic principle, what sort of concrete plan does he propose? Let this be explained by his own words.

I.—Abolition of the import duty on grains. This duty was introduced by the Emergency Special Tax Law with the purpose that it might facilitate the process of shifting a part of the burden of the land tax, increased by the same law, to the consumer of grains. So, the duty was established in order to keep a necessary balance with internal taxation. The rate of the duty was 64 *sen* per 100 *kin*. Though the land tax has not only never since been increased, but has even recently been reduced, regardless of the reasons for its introduction, the rate of the import duty on grains was raised to 1 *yen* per 100 *kin*, and since that time the rate has remained at the same point, with the single exception of a slight mitigation in the autumn of 1911, when the price of rice attained to an unprecedented height. It is matter of course that the import duty in question is of no use in years of favorable crops nor in years of average harvest. Moreover, in years of poor crops, its operation is quite injurious, for in a country where the average yield of agricultural products does not keep pace with the growth of population, and hence with its consuming power, a corresponding advance in the price is unavoidable, and the artificial barrier of customs duties will infallibly facilitate the monopoly of a small number of speculators, drive up the market price, diminish the demand for labor, and consequently, in the present system of tenancy, with rent in kind, and fill the pockets of landowners at the expense of wage earners and small peasants. Further, the abolition of the import duty on Chosen rice in particular is an urgent necessity, in view of the fact that the development of Chosen is one of the most serious problems for the greater Empire, and a cardinal measure of Chosen's economic development is the enlargement of the market for rice from the territory. So, it is beyond doubt that the scheme of reduced taxes must begin with

the repeal of this duty, and public opinion had long recognized the necessity of the measure and was impatient with the hesitating attitude on the part the government. The decrease of revenue due to the foregoing adjustment amounts to 1,500,000 *yen*.

II.—Reduction of the tax on salt and the tax on soy by one half. By the tax on salt I here mean the profits of the salt monopoly. I am by no means an opponent of the monopoly system. On the the contrary, I am ready to acknowledge the merits of the system in preventing the articles of daily necessity for which no substitute can be found from being an object of speculative transactions, and in providing that the salt intended for use in industry, fishery, and agriculture shall be sold at a specially reduced price. Nevertheless, I do not hesitate to protest against the extortionate rate of monoply profit of 2.50 *yen* per *koku* against the original cost of production of 1.40 *yen* per *koku*. The injurious effect is manifested in the successive advances of salt prices. The price stood at 1.13 *yen* per *koku* in 1886, and showing 2.26 *yen* and 5.01 *yen* in 1896 and 1909, respectively, it has tended recently to go upward even beyond 5.50 *yen* per *koku*. The reader is asked to note that these are all wholesale prices. As to the retail price, the rising trend has been much stronger, due to the expenses incurred for the payment of the interest of the capital employed and as the recompense for inevitable loss of quantity during the transactions. Besides, to the tax on salt the soy tax has been extended. The effect of the charge is discernible in the movement of the price, which shows a conspicuous upheaval; namely, the price which stood at 9.51 *yen* per *koku* in 1886, rising to 18.29 *yen* in 1896, advanced to 23.29 *yen* per *koku* in 1909, and since that date has ranged at about the same level. In addition to this, the high price of salt exerted no small influence upon the prices of pickles and salted fish. It is sometimes contended that such earnest discussions on this subject are out of place, as the per capita burden of these levies is negligible. But I can hardly consent to the statement in consideration of the fact that of the profits of the salt monopoly, amounting to 10,000,000 *yen*, and the receipts from the soy tax, amounting to 4,610,000 *yen*, the colossal burden falls with undue weight, compared with tax-paying ability, upon the slender shoulders of the lower classes, of which the majority of the nation consists, to say nothing of the enhanced prices of pickles, fresh meat, and vegetables as their mediate and immediate effects. For these reasons, I demand the mitigation of the price of monopoly salt and the rate of soy tax by one half, and propose the expansion and reform of the sale system of the former, in order that it may be extensively provided at a moderate price. By this revision the revenue would be curtailed by 7,300,000 *yen*.

III.—The abolition of the petroleum excise. The petroleum excise was prematurely established in this country. In 1904, when urgent need of emergency finance led to the 20 per cent increase of duties upon imported petroleum, the Exchequer introduced the

internal consumption tax on the same article, both foreign and domestic, with the rate of 1 *yen* per *koku* (10 per cent ad valorem), for the duration of six months, in order to prevent speculative importation. The tax was soon abolished on account of its meager productiveness, as the annual yield of home production of the article at that time was estimated at 350,000 *koku*, which constituted only one eighth of the whole quantity consumed. Later on, the enhancement of the customs tariff to 50 per cent ad valorem, incidental to the revision carried out to meet the increased requirements of the emergency finance in 1905, encouraged the domestic production of petroleum, the output of which increased successively from 500,000 *koku* in 1907 to 750,000 *koku* in 1909, representing one third of the inland consumption of the commodity. Under these circumstances the Treasury intended to establish the petroleum excise, after the system prevalent in France, Austria, and Italy, and in 1908 reintroduced the internal taxation on consumption of petroleum with the rate of 1 *yen* per *koku*. The influence of the imposition is easily seen in the continual rise of the price from year to year; and the market price, which stood at 2.91 *yen* per box in 1893 jumped to 3.91 *yen* per box in 1909. After that time, however, the demand for petroleum, and consequently the output thereof, began to diminish, owing to the development of the supply of gas and electricity. Such a tendency toward decline of the domestic petroleum production, which forms but one third of the total volume consumed even at the present moment, is disadvantageous not only to the manufacturers but also to the consumers, whose interest lies in abundant supply with cheap price. Moreover, the consumers of petroleum belong to lower classes than the users of gas and electricity and petroleum is indubitably one of the necessaries of life for the former. So it is a violation of the principle of equity that petroleum, which is consumed essentially by the majority of poorer people, should be taxed, while gas and electricity are exempted from any charge. If the petroleum excise be repealed, and the sacrifice of consumers mitigated, the interest of the commodity enlarged, and the manufacture of it encouraged, the reduction of the price to that extent would be realized. This is the reason why I am convinced of the urgent necessity of the abolition of the petroleum excise. The reduction of revenue due to this change is estimated at 2,000,000 *yen*.

IV.—Abolition of tax on cotton fabrics. This tax, which was introduced by the revised Emergency Special Tax Law in 1905, constitutes our textile excise, together with the tax on silk fabrics, established by the same law, and the tax on woolen fabrics, established by the first Emergency Special Tax Law of 1904. The excise is to be assessed on the textile wares, at the rate of 10 per cent ad valorem, as they are delivered from the factories of the manufacturers or the customs compounds. In consideration of the fact that to load the cotton and silk fabrics with a similar burden is unjust, and of the fact that the appraisement of the wares is always

accompanied by the danger of difference of opinion, the government consulted with the Commission on Tax-law Inquiry, intending to change the existing ad valorem duty into a specific duty. But the attempted revision was not carried into effect by reason of the annoyance which would have been caused by the multifarious varieties of textile fabrics and the inconvenience, which may be increased by specific treatment, in local transactions; and cotton fabrics have remained, together with the silk fabrics, under the same burden of 10 per cent ad valorem. The ad valorem system may be unavoidable in regard to commodities of such extensive use as textile fabrics, with great varieties in quality and tremendous dissimilarity in price, for which the specific duty is undoubtedly unsuitable; yet the tax on cotton fabrics is not only unfair, as it is charged upon a commodity of daily necessity, but also it necessitates no small outlay for supervising the manufacturers, scattered all over the country, and hampers the development of this branch of industry in a great measure. Thus, I can urge with reason the abolition of all the taxes on cotton fabrics, as well as of other fabrics intended for home use, and the restriction of the textile excise to taxes on silk, silk and cotton mixed fabrics, and woolen fabrics, which are consumed principally by the middle and upper classes of the nation. The abolition of the tax on cotton fabrics will be beneficent not only because it rectifies the unfairly distributed burden of the poor, but because it diminishes the cost of collection of the excise to no small extent. These are the reasons why I demand the abolition of the tax on cotton fabrics as a constituent part of textile excise. The decrease in revenue incidental to this adjustment would be some 8,300,000 *yen*.

V.—Reduction of the sugar excise. This excise has achieved an unexpected development, for at the outset such a productiveness was not in the least apprehended. In its origin, the sugar excise was introduced in order to increase the charge upon foreign sugar as supplementary to the conventional tariff, which was very low, notwithstanding the circumstances that domestic sugar production was deplorably undeveloped and the main portion of the annual consumption was furnished by imported sugar. Thus, the excise was established rather with the economic object of stimulating inland production than with the fiscal aim of raising the revenue by means of taxation. At the present time, the revision of customs tariff laws and commercial treaties having been accomplished, we are placed in a position to control the import of foreign sugar, both refined and raw, with a statutory tariff. The tariffs vary according to the quality of the goods. The rate is roughly estimated at 60 per cent ad valorem. The internal tax on consumption of sugar is also assessed virtually at the rate 60 per cent ad valorem. Thus, we see that foreign sugar is loaded with a burden of 120 per cent, adding both customs duty and excise together, while domestic sugar is under a charge of 60 per cent. Though the protective tariff occasioned a

shrinkage in the importation of foreign sugar and a corresponding prosperity of domestic production, it caused a rapid rise in the price of the commodity; namely, the price of white sugar, which stood at 10.35 *yen* per 100 *kin* in 1893, and at 10.76 *yen* in 1903, leaped to 17.49 *yen* in 1909, and ever since has maintained about the same position. The enhanced price has checked the enlargement of the demand for the commodity, and in the present situation the annual output of 500,000,000 *kin* is always accompanied by more or less overproduction. Although sugar can not always be counted among the necessaries of life, and the sugar excise may prospectively be one of the important revenue-yielding sources, the exorbitant advance in price exerts no small pressure on the livelihood of the nation—a fact which is made visible by the standing still of the quantity consumed. So, I propose the reduction of this excise by one third. The resultant decrease in the revenue need not be so embarrassing for the central Treasury as for the Special Account for Formosa, but even in the latter case the diminution would be transitory, and the yield of the excise would gradually recover with the extension of the market if the manufacturers and dealers reduced the selling price of the commodity to the extent of the curtailed excise. By this reform the revenue would be reduced by 5,000,000 *yen*.

VI.—Abolition of the traveling tax. This tax, which was introduced by the second Emergency Special Tax Law, is a kind of poll tax somewhat modified with a certain form of graduation, according, both to the difference of accommodation (I, II and III classes) and to the number of miles traveled. The total abolition of the tax has frequently been demanded, but I believe in the reasonableness of its retention as a tax on the benefit enjoyed by the use of the means of communication. As the benefit derived from the use of the means of communication is essentially represented by the amount of fares, the proper method of imposition seems to be to tax passengers in proportion to the price of tickets instead of by the crude criterion of the traveled mileage. Besides, it is advisable to secure for the poorer classes in cities and towns privileged treatment by exempting tickets costing less than 5 *sen* per fare. By this revision the revenue would be reduced by 1,000,000 *yen*.

Summing up all the items, Dr. Kobayashi proposes the following curtailment of state revenue by way of remissions of indirect taxes:[1]

	Yen
Abolition of customs duty on grains	1,500,000
Reduction of tax on salt and on soy	7,300,000
Abolition of petroleum excise	2,000,000
Abolition of tax on cotton fabrics	8,300,000
Reduction of sugar excise by one third	5,000,000
Revision of traveling tax	1,000,000
Total	25,100,000

[1] Kobayashi, *On Financial Readjustment*. pp. 1–126.

Next to Dr. Kobayashi, Dr. Tanaka may be cited as representing a similar theoretical tendency. His proposals concerning this subject are summarized in his work entitled *Tax System Adjustment*, the first edition of which was published in 1909 as the third volume of the *Economic Problem Series* (Keizai Mondai Sōsho). Before introducing the outline of his own reform plan according to the book above mentioned, it may not be out of place to note his fundamental conceptions regarding the problem. He commenced the report, which he read at the convention of the Society for Social Policy (Shakai Seisaku Gakkai), with a criticism of Wagner's socio-political conception of taxation, and contended that a tax system adjusted in accordance with this conception is not merely incongruous with the financial principle of equity, but also the object desired is not attainable by its enforcement, and that the result of the application of the purely financial principle of equity will coincide with the requirements of social policy. So, in this respect he may well be treated as representing the same tendency of thought as Dr. Kobayashi.[1] From this standpoint he commented upon the existing tax system in this country and explained his view on the question we are considering, saying:

As to the proportions of the taxes on acquisition and the taxes on consumption, a hasty review of the development of our tax system since the dawn of the present century will bring some definite facts to light. Already in the Settled Account of the fiscal year 1898, in which the proceeds from consumption taxes constituted 56 per cent of all tax revenue, in contradistinction to 44 per cent for taxes on acquisition, we find such an undue expansion of the tax on consumption that it is no more admissible to regard it as a supplementary tax. Then, after the Sino-Japanese War, the so-called second bill for increased taxes obtained the approval of the Imperial Diet in its thirteenth session. With this bill, the scheme measure of increased taxes amounting to 42,000,000 *yen* was carried into effect, of which sum the taxes on consumption amounted to 68 per cent as against 32 per cent for taxes on acquisition. After this, at the time of the Russo-Japanese War, taxes were twice increased, with the object of yielding a revenue of 144,000,000 *yen*, of which the receipts from taxes on acquisition formed 57 per cent, and those of taxes on

[1] Kobayashi, *Taxation System as Seen from the Standpoint of Social Policy*, pp. 13 ff.

consumption the remaining 43 per cent. So, we do not fail to appreciate the necessity of increased taxes incidental to the Russo-Japanese War; nevertheless we can not help protesting against the post-bellum policy of retaining all the special taxes of the war time as permanent taxes, which will necessarily result in the grievous oppression of the poorer classes through the impositions on grains, petroleum, salt and cotton fabrics, and in so doing will come into conflict with the object set up by the social policy.

Much more unreasonable, it seems to me, is the recent movement for reduced taxes. Since the year 1909, when a little surplus began to appear in the State Treasury, we have experienced three cases of remissions of taxes, and the total sum reduced by the attempts was estimated at 38,000,000 *yen*, of which the yield from the tax on acquisition amounted to 32,000,000 *yen*, that from the tax on consumption to only 6,000,000 *yen*. Regardless of the actual fact that the lower classes are groaning under the crushing weight of extortionate taxes on consumption, which include all the necessaries of life as taxable objects, the first attempt of the government, when the circumstances allowed it, was directed to effect reduction chiefly on the side of taxes on acquisition, and thus to mitigate the burden of the rich, which is as yet unduly light. Such a preposterous policy deserves the name of a movement "which gropes in the darkness," as the Chinese phrase expresses it. For this course of things, we must not blame the authorities alone. It is, indeed, beyond doubt that there is some fault on the part of the government, yet the members of the Parliament, having little information concerning financial matters and a poor understanding of social policy, can not avoid the responsibility of exploiting the poorer population in conspiracy with the authorities. According to the aphorism which Colbert coined at the end of the seventeenth century, the key to efficient finance is to pull out as much feather as possible from the geese without letting them quack. The "choked geese" in Colbert's sense, are the lower classes of this country, who lie prostrate under the crushing weight of heavy taxation, and, knowing no way of giving vent to their complaint, resign themselves to their predestined doom. Such a state of things is more than the supporters of social policy can endure.[1]

Now, let us examine his concrete plan with regard to this problem according to his work above cited, *Tax System Adjustment.*

There are many points to be discussed concerning the tax on *sake*, the tax on soy, the sugar excise, the tax on bourses, the tax on the issue of bank notes, the tonnage dues, the customs duties, the succession duty, the petroleum excise, the stamp receipts, and others; and the defect common to them all is the improper choice of the standard of taxation. Such reforms, therefore, as the change of the

[1] Kobayashi, *Tax System as Seen from the Standpoint of Social Policy*, pp. 35–8.

standard from the color to the purity, in the case of the sugar excise, and from the quantity of issue to the profits derived therefrom, in the case of the tax on the issue of bank notes, must be carried out in connection with all the aforesaid taxes. However, as revision of the standard of taxation is a problem of smaller significance, I will not dwell upon it for the present. First, we must pay special attention to the import duty on rice, which was introduced at the time of the Russo-Japanese War, with the twofold aim of protecting the peasants against the increased land tax and of increasing the revenue of the state. But the duty is the most conspicuous of all the bad taxes, for it not only lacks the ability to secure the necessary protection to the peasants, but it also oppresses the lower people. The reason is this: As foreign rice, for the most part, is inferior to domestic rice in quality, the treatment of foreign rice as free goods will never result in driving the domestic rice out of the market, and consequently causing the decline of inland agriculture; but the quantity to be imported of the former will not surpass the deficit in the supply of the latter. Though it is not unlikely that the incessant growth of population may cause a rapid increase of the importation of foreign rice and hamper the development of inland agriculture, the universal elevation of the standard of life, with which our economic development is always attended, will undoubtedly induce people to prefer domestic rice, high-priced but of superior quality, to foreign rice, cheap but of inferior quality, and the former will by no means be replaced by the latter. Thus, obviously the import duty on foreign rice has no efficacy in protecting inland agriculture on the one hand, and on the other hand to lay an imposition on that portion of rice which is necessary to fill the deficit of domestic production is to burden the lower people still more heavily. For these reasons, the tax under discussion should be abolished, and the consequent decrease in the revenue, amounting to 4,000,000–5,000,000 *yen*, must be faced.

Further, the textile excise, the traveling tax, and the salt monopoly must be abolished, for reasons which will be explained presently. As to the textile excise, the inclusion of such daily necessaries as cotton fabrics as taxable objects is closely connected with the unfair distribution of the burden. In textile fabrics, moreover, we find multifarious varieties of quality and extreme discrepancies in prices, owing to the difference in materials and method of weaving and dyeing; and not only is the movement of prices influenced by the higher or lower prices of materials, greater or lesser cost of labor, and brisk or dull markets, but sudden fluctuations in an unlimited degree may be caused sometimes by changes in tastes and fashion. Upon a commodity with such characteristics, fair and exact imposition is next to impossible, and when the appraisement of the commodities, so difficult for even the specialist dealer, in the case of the woven goods he is not accustomed to handle, is entrusted to the inexperienced revenue officials, it may lead to the recurrence of a thousand

evils, even to the open practice of bribery and the outburst of riots. If we grant the supposition that unfair taxation is bearable, yet to incur no small loss from the hindrance of the smooth progress of business transactions and the quick utilization of favorable conjunctures, and to suffer serious disadvantages from the divulging of business secrets, which frequently occur in consequence of the examination of business documents and inspection of the factories, is more than the business men concerned can endure. The tax of which distribution of the burden is so unfair and the damage done to the weaving trade is so conspicuous, while the revenue is so meager as 20,000,000 *yen*, must be the foremost of all the notorious taxes.

The traveling tax also is a bad tax. The intensive and extensive development of communication is the indispensable prerequisite of the industrial evolution and cultural progress of the country, and the reason the government resorted to so decisive a measure as to nationalize at a stroke all the trunk lines in the Empire at the very time of fiscal exigencies subsequent to the Russo-Japanese War, was evidently that the authorities recognized it as one of the most urgent post-bellum economic rearrangements. Under such circumstances, it is an obvious contradiction to impede the industrial development and cultural progress with the continuation of the traveling tax, especially established for the emergency.

It will be superfluous to dwell upon the inferiority of the salt monopoly as a fiscal resource. As salt is a prime necessary of life, the tax on it is indubitably unfair in disregarding the tax-paying ability, and the unfairness is still more aggravated by the fact that physiological need forces the lower classes to consume more salt than the middle and upper classes. Moreover, in our monopoly system, which refuses to take the differences in quality into account and assesses a uniform rate of 2.50 *yen* per *koku* or 1.48 *yen* per 100 *kin*, the poor, who consume inferior salt, must bear an unjust burden as compared with the rich, who consume superior salt. The impost is attended not only with unfair distribution of the charge, but also it stands in the way of industrial development, because salt is an indispensable material in stock farming, agriculture, manufacturing, and fishing. To retain the salt monopoly on the presumption of protecting domestic production is a great mistake, and the evidence shows that the enforcement of the Salt Monopoly Law has hindered inland production instead of encouraging it, and only resulted in the oppression of the lower classes.

The taxes to be abolished and the loss to be incurred due to the aforesaid reform are as follows:

	Yen
Abolition of textile excise	19,460,000
Abolition of traveling tax	2,480,000
Abolition of salt monopoly	10,650,000
Abolition of import duty on grains	4,000,000
Total	36,600,000

The plan therefore demands the reduction of revenue by 36,600,000 *yen*; but if we subtract from the sum the cost of collection, which the Treasury could save by the repeal, amounting to something like 5,000,000 *yen*—viz., 800,000 *yen* in the textile excise, 50,000 *yen* in the traveling tax, and 4,120,000 *yen* in the salt monopoly—the effective curtailment of the revenue may be estimated at 31,600,000 *yen*.[1]

There is another group of theorists whose position is distinct from that of Dr. Kobayashi and Dr. Tanaka. We may well describe them by the name of the "historical" school, as they are accustomed to lay store by the historical facts. In the following pages Dr. Matsuzaki will be quoted as a representative of the school. He was a member of the Commission of Inquiry into the Bill of Tax-Law Adjustment, and we can get a glimpse of his reform plan in the articles which he published in the *Japanese Economic News* (Nihon Keizai Shinshi), in 1907 and 1908, and afterward in book form, entitled *Tax-Law Adjustment*. In this book, before noting his own opinions, he points out five characteristics of our tax system as follows:

1. Formerly in our tax system the constituents were essentially direct taxes, especially real taxes (land tax).
2. Although subsequently the taxes on revenue other than from land and excises were newly introduced, yet at least to the time of the Russo-Japanese War direct taxes were the backbone of the system.
3. For this reason the burden of taxation fell most heavily upon the shoulders of the middle class as compared with the lower or higher classes.
4. The introduction of excises led to the shifting of the burden to lower grades of society, and the imposts charged were principally upon necessaries of life and commodities which are objects of business transactions, closely connected with industrial progress, while the luxuries, which are objects of mere consumption, were overlooked.
5. Recently, under the pretext of equity, an absurd reform of tax rates was attempted, which resulted only in manifold contradictions.

Considering the above characteristics of our tax system and the growth of the nation's power of consumption, the

[1] Tanaka, *Tax System Adjustment*, pp. 94–104.

author demands the extension of indirect taxes, and excises in particular, but he wishes to limit the taxable objects to such articles as tobacco, *sake*, and drinks of various kinds, which are not necessaries of life.[1] According to his project of excise reform, he proposes to repeal the textile excise and the salt monopoly and to supplement the deficit by the extension of the tobacco monopoly and the tax on *sake*. He argues as follows:

> The deficit of public revenue incidental to the abolition of the salt monopoly may be estimated at 42,981,820 *yen*, which amount is by no means contemptible. As the expenses of the monopoly amount to 13,927,481 *yen*, the real loss to the state Treasury is the balance of the two sums, viz. 29,045,339 *yen*. As we observe at the present moment that the output of *sake* and beer shows a tendency of continual growth, and the increase of tobacco consumption is still more startling, the gap due to the aforesaid reform may be filled without much difficulty by increasing the charges upon these commodities. Even though such extension of excises be not sufficient to meet the deficit, there is evident possibility of attaining the purpose by the increase of customs duties. Thus, if we take it for granted that our financial conditions will maintain the status quo, the right measure to be pursued is to increase the tobacco monopoly and the tax on *sake* and to repeal the textile excise and the salt monopoly.[2]

In his recent work, *Social Morality and Economy*, Dr. Matsuzaki inserts a chapter under the title of "Quintessence of Tax-Law Reform," in which he asserts:

> The tax on *sake*, among other excises, seems to have attained its climax, and increase of revenue from it can hardly be expected. As to customs duties upon imported alcoholic liquors, in contradistinction to the case of the tax on *sake*, we find an obvious possibility of extension. Further, the profits of the tobacco monopoly, as far as I am informed, have the prospect of increasing. As to the textile excise, I propose at least the revision of the tax on cotton fabrics in future. The customs duty which was imposed upon imported cotton has been entirely abolished for the purpose of developing our spinning industry; however, while the abolition changed cotton goods into one of the most important exported commodities, the domestic production of cotton suffered no trifling loss, and in some places the production was totally abandoned. In view of these conditions, I propose the restoration of the customs duty on im-

[1] Tanaka, *Tax System Adjustment*, pp. 1–7, 61–3.
[2] *Ibid.*, pp. 67–8.

ported cotton, with the provision for refunding drawbacks on exported cotton yarn, and the simultaneous abolition of the tax on cotton fabrics. Though the manufacturers may lose something in interest upon capital employed, the increase of which is necessitated by the imposition on imported cotton, the loss will be offset by granting them the privilege of delaying payment of tax. The pursuance of such measures will certainly stimulate domestic production of cotton on the one hand and reduce the cost of collection of the textile excise on the other. Of all the customs duties, the duty which is most common in European countries and still absent in this country is the tax on daily drinks, such as tea, coffee, and others. It is a strange fact that tea, which is the favorite daily drink of the Japanese, is exempted from any taxation. The authorities preferred daily necessaries like salt and soy to tea and coffee as taxable objects; but I am rather inclined theoretically to believe in the reasonableness of the reverse policy.

Further, the professor elucidates his fundamental views concerning the assessment of excises, and says:

About a half century ago, European writers rejected taxes on necessaries of life and taxes on materials of industry, as a whole, for the reason that the former by raising wages and the latter by increasing the cost of production would impede the commercial and industrial progress of the country. Most of the contemporary opponents of excises are earnest followers of this doctrine. Excises are, however, not to be rejected altogether. If combined with proper procedure of assessment, the tax under discussion constitutes an indispensable part of the tax system in order to effect a fair distribution of the national burden. There is another group of theorists who decidedly oppose the imposition on necessaries of life for the reason that it oppresses the livelihood of the lower population, especially of laborers. The evidence of the facts shows that the imposition on these articles will not immediately burden the livelihood of the wage earners, as some theorists imagine, for the taxed commodities are not the only articles that laborers consume, and even of the taxed goods the quantity consumed does not always remain under the limit of necessity. As to the betterment of the livelihood of the wage earners, we ought to expect much from moral elevation and remodeling of character, and compared to these the imposition of excises is a problem of much less significance.[1]

Thus, we see the professor maintains his former opinions in demanding taxation upon consumption, especially upon luxuries, and in justifying the extension of excises in general, excepting the tax on *sake*, of which he finds no possibility of increase, contrary to his former assertion.

[1] Matsuzaki, *Social Morality and Economy*, pp. 269–70.

I propose now to cite Dr. Kambe as another representative of this tendency to emphasize the taxation of luxuries. He writes as follows:

Although the burden of excises is by no means light in this country, yet if taxable objects are properly chosen and the rates of taxes are moderate, they are certainly a good resource. In selecting the taxable objects, special care must be exercised not to impose upon materials of production nor necessaries of life, but luxuries of more or less extensive use, and not to hinder the national production but to protect and encourage it. It is true that there is scarcely any commodity which fulfils all these requirements; but we may find examples of the sort, though incomplete, in *sake*, tobacco and sugar, with respect to which there is a possibility of extending taxes when necessary. It is contended sometimes that *sake* and sugar must be put under a monopoly system, as in the case of salt. Though the contention is not without reason, in view of the present financial situation, it is not the proper time to carry it out, for at this time, when the argument for the repeal of the nationalization of railways is often heard, and especially since the issue of public loans to defray the necessary expenditures is not desirable, the execution of such a plan is almost impossible. Moreover, in regard to sugar, the number of manufacturing factories is so small that supervision is quite simple, thus making invalid one reason for monopolization. The customs duties yield an enormous revenue, even at the present time, and the coming enforcement of the revised customs tariffs will provide still more receipts. According to the new customs duties, higher rates than the existing conventional tariffs are to be imposed on many articles, and the chief motive for the revision in this line lies not only in the financial reasons but also in considerations of commercial policy and protection of domestic production. But I am against the extension of the import duty on grains. Even if the object aimed at is the protection of agriculture, the result would be to stimulate the concentration of land ownership and lead to the tyrannical domination of larger landowners, benefiting larger peasants and landowners exclusively, or at least conferring upon them greater advantages than upon the smaller ones. So, even from the standpoint of agriculture, I hesitate to approve this proposed reform. From the standpoint of consumers in general and low-wage earners in particular, as well as of commerce and manufacture, I am decidedly against it. Lastly, if we regard the financial maxim that the tax must be levied in accordance with tax-paying ability, the import duty upon grains must be numbered among the most unjust taxes, for it pays little regard to the personal concerns of contributors in charging larger families more heavily than the smaller, and denies discriminative treatment between incomes from labor and those from capital in charging with the self-same rate both laborers and capitalists. Again, the salt monopoly, like the customs duty upon

grains, should be opposed as contradicting the cardinal maxim of taxation. The government seems busy in rearranging salt fields and in reforming the sales system, but I am rather sceptical regarding its efficacy and recommend abolishing the salt monopoly and leaving it to private enterprise. Neither can I approve the petroleum excise, because it charges the lower classes much too heavily, but rather I believe in the propriety of levying on electricity for lighting purposes. Though counted among the three bad taxes, together with the salt monopoly and the traveling tax, the textile excise should not be absolutely condemned. As the tax is imposed on such a necessary of life as clothing, it is undoubtedly a worse impost than taxes which charge luxurious articles, such as *sake*, tobacco and sugar. But compared with the imposts which levy upon daily necessaries, with little elasticity in their demand, such as salt and rice, the tax under discussion can be named a better tax, for this or that tax can never be called a bad or a good tax in an absolute sense but only in a relative sense. The textile excise, as far as it is concerned with the taxable objects only, is in no way a bad tax. Since the textile excise is called a notorious tax, because of the incompleteness in its collecting procedure, if reform in this line is practicable it should not be rejected as a bad tax. Especially, the sudden abolition of it will disturb the natural course of business life, causing unexpected profit on the one hand and unexpected loss on the other. Though the embarrassment, being a temporary phenomenon, may be endured, the state Treasury will not be able to cover the deficit of 10,000,000 *yen*, due to the repeal, without suffering a great inconvenience. So, the abolition of the tax is inadvisable; but the reform in the method of its collection is desirable.

As seen above, Dr. Kambe proposes the abolition of the customs duty on grains, the petroleum excise, and the salt monopoly, and the reform of the textile excise; but we can not ascertain the amount of revenue to be reduced.[1]

Besides the four professors above cited, viz.,[2] Dr. Kobayashi, Dr. Tanaka, Dr. Matsuzaki, and Dr. Kambe, theorists such as Dr. Horié, Dr. Utsunomiya, Dr. Tajiri, and Dr. Kudo[2] have frequently published their views on the problem under consideration, but so far as I know there is not one who has published his concrete project covering the entire problem.

Lastly, there is still another group of theorists who criticize the existing tax system from standpoints other than those above mentioned, of whom Dr. Ogawa stands foremost.

[1] Kambe, *Financial Essay*.
[2] See note, *ante*, p. 208.

At the ninth convention of the Society for Social Policy, held in December, 1915, he read his report on the "Tax System in Japan," and commented as follows upon the existing system of excises:

When viewed from the standpoint of the tax system of the country, excises are also indispensable. Setting aside the impracticable assertion of socialists that excises should be entirely abolished, even from the standpoint of social policy, the total repeal of excises is by no means necessary. If we set our eyes upon excises only, certainly they may be unjust; but if we combine them with taxes on acquisition, that is, direct taxes, and if the combination is not improper, the tax system as a whole can be fair and just, differing not so much from the requirements of social policy. So, we see, one can not be free from the blame of a too-hasty conclusion in condemning a given tax system on account of the mere existence of excises among its components; the socio-political valuation of excises must differ according to the difference in the structure of the tax system.

Excises are imposts resting on consumption, such as drinking of *sake*, smoking of tobacco, use of soy, and others, based on the presumption that consumption signifies the existence of tax-paying ability. In the present state of things excises are levied on commodities which are objects of general consumption; the poor and rich are charged with the same burden irrespective of their tax-paying ability. Such equal treatment of the poor and the rich is obviously unfair; and there lies the drawback of this impost. Take the tax on *sake* as an example. The uniform rate means a heavier burden for the poor, because the sacrifice should not be measured by the amount of money contributed but by the subjective feeling connected with the contribution, and thus we can condemn the tax, from the standpoint of social policy, as oppressing the poor unjustly. Generally speaking, excise is always attended with the danger of falling into this defect owing to its peculiar nature and collecting procedure. I do not deny, however, the existence of such an excise as charges the rich heavier than the poor. The tax system of this country is not wanting in instances of excises of this description. The sugar excise is one, different rates being assessed according to the differences in quality. Black sugar, which is principally consumed by the poor, is charged at the rate of 2 *yen* per *kin*, while, the rates being gradually enhanced, sugar candy and lump sugar are imposed at the rate of 10 *yen* per *kin*. According to the Sugar Excise Law, sugar is graded into six classes, upon the basis of Dutch standard color, and taxed at the graduated rates, the first class being sugar under No. 11 of standard color, this again being subdivided into black sugar in cask, *shirojita* (masse cuite) in cask, and others, the second class being under No. 15, the third class under

No. 18, the fourth class under No. 21, the fifth class above No. 21, and the sixth class being sugar candy, lump sugar, loaf sugar, and the like. These classes and subclasses are imposed with rates of 2 *yen*, 2.5 *yen*, 3 *yen*, 5 *yen*, 7 *yen*, 8 *yen*, 9 *yen*, and 10 *yen* per 100 *kin*, respectively. The operation of such a tax, graduated according to quality, will be to levy lightly on the poor and heavily on the rich, because the number of poor who eat lump sugar is insignificant. Therefore, if an excise be framed in this way, it can answer the requirements of social policy, viz. to burden lightly the weaker and heavily the stronger. We find another example in the tax on tobacco. In Japan, tobacco is subject to the monopoly system; nevertheless, the fact does not affect in the least its nature as an excise. There are several kinds of tobacco and cigarettes, with different prices and different tax rates. Students with little means are accustomed to smoke tobacco and cigarettes of inferior quality, while the rich prefer those of superior quality, or sometimes, not satisfied with the domestic goods, smoke imported ones. Thus we see, with regard to tobacco also, the principle of taxing the rich more heavily is realized to a certain extent by means of a graduated tax rate.

These two, however, are rare exceptions in our tax system; most of our excises are levied with a uniform rate, and consequently the incidence falls more heavily upon the poor. Let us begin with daily necessaries. First, imported rice is levied with a customs duty the rate of which is necessarily uniform, irrespective of consumers. With regard to salt, a government monopoly has been carried out, and the price being fixed at 2.50 *yen* per *koku*, the rich and the poor bear the same load of public charge. The tax on soy is another instance. The consumption of soy is taxed at the rate of 1.70 *yen* in the case of ordinary soy or 1.60 *yen* in the case of *tamari* (soy of inferior kind), and as the amount consumed may not vary, whether the consumer is rich or poor, the tax charges both equally. Further, as to the tax on *sake*, which forms an essential part of our excise system, though the tax rates are more or less graduated according to the degree of alcohol contained, the uniform rate of 20 *yen* per *koku* is levied on ordinary *sake*, viz. refined *sake*, unrefined *sake*, white *sake*, containing twenty degrees or less of alcohol, and, *mirin* and *shōchū*, containing thirty degrees or less of alcohol; and, remembering the fact that any kind of *sake* which contains more than twenty degrees of alcohol is a rare exception, it may be asserted without exaggeration that the rate of the *sake* tax is practically uniform. Thus, *sake* is taxed with the same burden of 20 *yen* per *koku* whether it is consumed on the laborer's table or is consumed at the luxurious banquet of the wealthy. As the price of *sake* is not reduced because the consumer is poor, the tax, by levying similar charges, oppresses the poor more heavily than the rich.

There is a still more unjust kind of excise which taxes commodities at the same tax rate regardless of their quality, ignoring the obvi-

ous truth that the poor, who consume the inferior goods, should be taxed lightly. An example of this kind of impost is the textile excise, which charges silk, woolen, and cotton fabrics with equal burden, in spite of the fact that those who wear silk or woolen clothes are wealthier than those who wear cotton ones. Though it is possible to graduate tax rates according to differences in quality of the woven goods, the existing law provides the uniform rate of 10 per cent ad valorem. The result is that the poor, who put on cotton clothing only, bear the same burden as the rich, who wear silk or woolen garments, and consequently the former suffer unfairly.

The worst type of this kind is the tax which falls exclusively on the poor and exempts the rich. The petroleum excise is an example. Petroleum is levied at the rate of 1 *yen* per *koku*. Even though one *koku* of petroleum will serve for a long time when used with a petroleum lamp, yet the consumption of one *koku* is invariably attended with the tax of 1 *yen*. Poor pupils, who study hard under the flickering light of a tiny petroleum lamp, and peasants, who are busy at their night work under the dim light of a hanging lamp, pay the petroleum tax, while the electric light, which lights the faces of the economically stronger, is totally exempted from any taxation. It is exceedingly absurd to tax petroleum and exempt electricity and gas, grievously annoying the poor at their night work, while the wealthy are left unembarrassed in their extravagant evening parties.

Analyzed in this way, we can conclude that the Japanese excises fall lightly on the rich and heavily on the poor. So, Japanese excises may be called regressive. A regressive rate is the opposite of a progressive rate; and while in the latter case the heavier burden is laid on the rich, in the former a higher per cent is assessed on the poor. It is preposterous to tax sparingly the wealthy, with sufficient ability to contribute, as in the case of fares, where the charges for the longer journey are proportionately less. Thus, we perceive that the urgent need of adjustment lies not so much in the abolition and reduction of the excises as in the correction of their absurdities.[1]

Though Dr. Ogawa criticizes the existing excise system from the socio-political viewpoint, in contradistinction to the purely financial standpoint of Dr. Kobayashi and Dr. Tanaka, the conclusion of the former, it seems to me, is not so different from that of the latter.

As seen from the preceding description, among the able scholars in this branch of science there are none who propose the total abolition of excises, but they are unanimous in demanding their partial abolition or reform, and the excises of which partial abolition or revision is required are the im-

[1] *The Tax System as Seen from Standpoint of Social Policy*, pp. 46–52.

posts upon daily necessaries, such as customs duty on grains, the petroleum excise, the salt monopoly, the textile excise, the traveling tax, etc. As to the extent of abolition and of revision, these scholars are at variance with one another, according to their views of the present situation of our national economy and finance, but, roughly speaking, they propose reductions amounting to from 25,000,000 *yen* to 30,000,000 *yen*.

The leading principles which underlie these reform plans are diverse; some have recourse to a purely financial taxation policy, others lay much importance on historical facts, and still others adhere to the socio-political principle. Though followers of the purely financial principle are most numerous, disciples of Wagner's socio-political taxation policy are not wanting. Mr. Ueda, professor of the Tokyo Higher Commerical School, may be cited as a representative of the latter. He delivered a lecture at the tenth convention of the Society for Social Policy, held in December, 1916, on the subject of "Taxation and Social Policy,"[1] the purport of which is as follows:

The opponents contend that socio-political taxation is inconsistent with the requirements of justice and sacrifices the end for the means; but I can not agree to the contention. The problem of justice and equality in relation to the assessment of taxes was first dealt with by the orthodox economists, and has an intimate connection with their fundamental conception of economic policy. As they were convinced of the truth that the best policy is the policy of *laissez-faire*, they opposed all the human interferences that disturb the natural course of things, and accordingly they disowned the social policy which attempted to interfere with the mode of distribution and to bridge the gap between the wealthy and the destitute. Touching the taxation problem, they recognized only the purely financial taxation policy, which levies upon every income proportionately and which does not result in any disturbance of the natural course of things, as fulfiling the requirement of justice, while they rejected the socio-political taxation policy as opposed to it, which attempts to reform the mode of distribution by exempting or imposing lightly on the poor and by charging the rich heavily. Of course, we can not but recognize the consistency of their theory of justice. In this country, however, not a few supporters of the social policy are wont to reject socio-political measures in regard to their taxation theory, and thus they fall into logical inconsistency. The social

policy demands the rationalization of the existing irrational mode of distribution, and every measure it recommends takes something from the rich and spends it for the benefit of the poor. So, for those who pronounce *laissez-faire* as the leading principle of economic policy, none but the purely financial taxation policy fulfils the demand of justice; but those who have abandoned the *laissez-faire* principle can not reasonably condemn socio-political taxation as unjust. If the existing unfair mode of distribution may be remedied, even a little, by means of any kind of taxation, such a taxation policy must be called just.

Further, is socio-political taxation a proper means for realizing the aim of the social policy? The antagonists argue that if the socio-political taxation policy be carried out, the rich would be oppressed, the poor become lazy, the growth of national wealth retarded, and the social policy deprived of resources. But the distribution policy by no means sets at naught the production policy and to rectify the mode of distribution without trenching upon production is not an unattainable matter. We find a good example in factory legislation. All such measures as the adoption of a progressive rate, abolition of excises on daily necessaries, exemption of the minimum of existence, the tax on increased land values, succession duty, and heavy tax on other unearned incomes, not only contribute to the realization of the aims of the social policy, but also do not necessarily impair the accumulation of wealth in the hands of the rich, sometimes even stimulating and promoting it, so that national wealth may increase with greater rapidity. Thus, we see that the social policy is not opposed to the requirements of justice and that it never sacrifices the end for the means.[1]

CONCLUSION

In conclusion, I want to say that although the war-tax problem has never been discussed under that name, either in the Imperial Diet or in academic circles, yet practically it has existed as the excise problem, which forms the essential part of the war taxes, as I have explained in the foregoing research.

[1] For more minute details, the article entitled "Taxation and Social Policy" by the same writer, appearing in the *Journal of National Economy* (Kokumin Keizai Zasshi), December, 1916, no. 6, vol. 21, should be referred to.

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